

HENRY WALLACE
AND
60 MILLION JOBS

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AN UNCOMMON MAN

**Henry Wallace and
60 MILLION JOBS**

**by
FRANK KINGDON**

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New York

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PRINTED IN THE UNITED STATES OF AMERICA

To

ALINE LEONARD

Who worked with me through
seven fat and seven lean years.

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Introduction

A little more than three decades ago our National Census told us that something decisive had happened in our United States, but few of us were wise enough to understand it—for the first time in our history our urban population was greater than our rural population. This meant that we were no longer a predominantly agricultural people, but were becoming an industrial one. The center of equilibrium in economics and politics had shifted from the country to the city.

We did not pay much attention, but continued to run our affairs by the rules and habits of the old days. Gradually, however, as industrialization has increased we have been forced to modify our thinking and our political methods to meet new kinds of needs. In the past twelve years, particularly, we have expanded government activity, with especial attention to regulation of business and improvement of conditions of work.

While we were wrestling with experiments for increasing our national wealth and distributing its benefits more widely, we were drawn into the war. War production made greater demands upon our resources than we had ever faced, but we met them. In doing so, we awoke to the fact that we had the potentialities for a permanent national income much higher than we had ever achieved. We concluded that this could be managed to provide security in peace as it had assured victory in war. This conclusion crystallized into the idea of permanent full employment for all our people.

This idea found its spokesman in Henry Wallace. When an idea, a man, and a national need meet, the result is likely to be the opening of a new chapter of history. When Franklin Roosevelt died and Harry S. Truman succeeded him, Henry Wallace continued at Truman's request as Secretary of Commerce. One of the first acts of President Truman was to increase Wallace's powers by adding the Surplus Property Office to the Department. This makes Wallace more than ever the man to whom the country looks to carry out the promise of President Roosevelt for sixty million jobs.

This book is an attempt to interpret the man, the idea and the need. It is a little contribution to a great discussion that, both as experience and as words, will not end until man has learned to control himself and his world to assure security for all his brothers and sisters in the great community of organized society.

FRANK KINGDON

CHAPTER I

An Uncommon Man

HENRY WALLACE—PARADOX

WHO is this man Henry Wallace? And how does it happen that the liberals agree on him as their spokesman and symbol?

He has been Vice-President under Franklin D. Roosevelt, but so was John N. Garner, who can never hope by any possible means to measure up to Henry Wallace in influence. And the story of his life will not enlighten us much further.

Henry Wallace is fifty-six years old. He was born in Adair County, Iowa. He began experiments with the cross-breeding of corn when he was 17; graduated from Iowa State College when he was 21; edited the family paper, *Wallaces' Farmer*, started by his grandfather; was appointed Secretary of Agriculture—a position his father once held—by President Roosevelt in 1933; and was elected Vice-President of the United States in 1940. He organized the Board of Economic Warfare and was appointed chairman of the Supply Priorities and Allocation Board in 1941. As head of BEW, he vigorously attacked Jesse Jones' handling of the Reconstruction Finance Corporation in 1943; and, in the ensuing row, the President sternly rebuked and removed him. It looked then as though his political fortunes were played out. Refused renomination by the Democratic National Convention a year later, he nevertheless campaigned hard for the Roosevelt-Truman ticket in 1944, and President Roosevelt nominated him for Secretary of Commerce immediately after his fourth inauguration in January, 1945. The Senate postponed a vote on confirmation of this nomination until March 1, but confirmed him

This is the bare outline of Henry Wallace's career, but it leaves out the most striking single fact about him. Henry Wallace has the largest personal following of any man in our public life since we have lost the great Franklin D. Roosevelt.

He is also, now that Roosevelt is no longer President, the most controversial figure in our contemporary national scene.

What is he like?

He is shy, ill at ease in public places, sloppy in his dress, tousled of hair, and completely incapable of small talk. A first impression of him in company leaves one with a picture more like a cartoonist's drawing of a Middle Western farmer than a politician. And this is not a false impression. He is much more a man of the soil than a political manipulator. He even speaks better outdoors than in a hall.

Politicians do not understand him. He does not play their game according to their rules. Just when they have decided that he is no more than a rather simple man out of his element, he stops them cold with an administrative job that makes them feel like amateurs. When they think they have found a way to handle him, he turns up with a display of determination they cannot detour; and they are left uncertain whether it is firmness or just plain obstinacy. They joke among themselves about how inarticulate he is, and find on their breakfast tables a book or an article by him that is so clear and eloquent that they would sacrifice even their favorite clichés to express themselves half as well. They decide to shelve him, and put all their political cunning into plots for driving him from public life, and find him marching at the head of such a huge and enthusiastic following that they dare not ignore him. They finally decide that he is a "mystic" or a "dreamer," and then are reminded that he edited a newspaper, organized and operated the Pioneer Hi-Bred Corn Co., to sell his hybrid corn which

did a four million dollar business last year, gave the Department of Agriculture the best administration it has ever had, and was responsible for the country having a large enough reserve of grain on hand when the war came so that we suffered no lack in meeting our own needs and those of our Allies.

The fact is that beneath his simple exterior he is an extraordinarily complex man.

Those who know him best are constantly amazed by the fund of information that he carries in his head. He is curious about everything, and takes up nothing without inquiring into its history and background. When he became interested in throwing the boomerang he read everything he could find about it, followed through into the general field of aero-dynamics, developed some theories of his own, and then had boomerangs specially constructed to test his theories.

He studies the people who work with him as thoroughly as he looks into everything with which he comes into contact, and they respond by being completely devoted to him.

He makes a hobby of health and this, combined with his Presbyterian background, makes him a non-smoker, practically teetotaller, and practitioner of all kinds of physical exercise. He never rides when he can walk. He does not play cards, gamble, swear or tell off-color stories. He has delved into all kinds of religious literature seeking an answer to the mystery of experience, and has turned from the Presbyterian Church of his fathers to become a communicant of the Episcopal Church, and the High Church section of that. He knows the Bible thoroughly, and his speeches are often enriched by quotations from the Scriptures, papal encyclicals, and other religious writings. At the same time, he is at home in the literature of science and has proved himself an able experimental scientist in the agricultural field.

When he was preparing to visit South America, he pol-

ished his Spanish so that he could talk with the people and to the public without an interpreter. When he set out for Russia and China, he learned enough of both languages to be able to make himself understood by native audiences. It is also typical of him that he took seeds with him to China; seeds for the soil of China.

Put all these details together, and we have an uncommon man—the unique public figure of Henry Wallace. There is no one else in our public life like him. He breaks all the rules of politics. Yet he grows as a public figure every day.

WALLACES' FARMER

His background is what we like to call typically American. His great-grandfather was a Scotch-Irish immigrant, who settled on a farm in Pennsylvania. To him was born a son whom he named Henry, who, after a short spell as a preacher, took to farming in Iowa and eventually brought out a farm paper, which he reissued as *Wallaces' Farmer*. To this first Henry, a son was born, also named Henry, who grew up to share in the editing of the paper, and eventually to become Secretary of Agriculture under President Harding and President Coolidge. He was the father of the present Henry Wallace, and the careers of the three Henrys are so closely interwoven that we cannot understand Henry III, unless we see in him the influences of Henry I and Henry II.

Grandfather Henry was a restless man continually experimenting with scientific farming. He specialized in pure bred stock. He planted windbreaks. He was the first man in Iowa to try cultivating clover in that country where it had never grown before. He never tired of preaching greater efforts for better farming to the readers of his paper.

He was also a crusader. He attacked the Beef Trust, lashed out at the railroads, and pilloried John D. Rockefeller, J. P. Morgan and the financial interests of Wall Street for their discriminations against the farmers of the Middle

West. He took the international point of view, and denounced Congress for not opening world markets through reciprocal tariffs.

He grew to have such influence that he was offered a nomination for United States Senator, which he turned down; but he was a friend of Theodore Roosevelt and accepted membership on his Country Life Commission, and became President of the National Conservation Congress. He also had a deep religious strain, and his weekly Sunday School lesson, published in his paper, was read out loud every Sunday in thousands of homes as part of the regular family devotions. He was a salty character known throughout Iowa as "Uncle Henry."

When he died in 1916, Henry II succeeded him as editor of the paper, and five years later he became Secretary of Agriculture. He went to Washington just as farming began to hit the toboggan after the war-time boom, and most of his energy was spent fighting Herbert Hoover, then Secretary of Commerce; first, trying to put across the McNary-Haugen plan to raise farm prices, then, to prevent the Bureau of Markets and Foreign Service from being transferred to the Commerce Department. He died in office, but part of his legacy to Henry III was a deep distrust of Hoover—and a watchful eye on the Department of Commerce.

Henry I exercised a lasting influence upon Henry III. The latter has said: "I think you can say I got my interest in theology and philosophy and the classics from my grandfather." Another of his comments is: "He was always striving to find ways to apply Christian principles to changing conditions. He believed in change. He knew change was inevitable." Speaking of his grandfather's concern about the last war, he reports: "He was more afraid of the aftermath than he was of the war. He had been through one reconstruction and he knew what it meant. If you will go back into the files of the paper you will see that I wrote something in January 1919 on the inevitable costs of the

war that were still to come. That was from Grandfather's teachings. The costs came. They will after this war, too."

This line from grandfather to father to Henry Agard Wallace is about as consistent as any could be. It traces the roots of the man, the creative impulse of the faith of three generations bearing fruit in a social program for the contemporary world. His is an inherited belief that the wisdom of the ages supplies the safest wisdom for problems of his age. He tries, as they did, to translate it into the contemporary vernacular. As one writer said in 1942, Henry Wallace proceeds on the assumption that the Kingdom of God is within our grasp. It is strange to hear his ideas called new-fangled. His grandfather would recognize them at once. He speaks for a conviction that is deep in the American tradition, and his inspiration is drawn from influences native to American history and the American soil.

This is one of the sources of his immense popular support. He lacks the eloquence and mastery of rhetoric that Woodrow Wilson commanded, but he speaks out of a similar background, with the same vocabulary, expressing the same practical wisdom enriched by the same idealism. Curiously enough, he is about the only public man we have left who expresses himself in this idiom. President Roosevelt had neither its rhythm nor its overtone; his utterances were pragmatic, set in the frame of reference of the generation that grew away from our older literature. His style is that of a master journalist, plain, without oratorical flights like Churchill's, or the classic Scriptural overtones of Wilson's. We are used to having a touch of the preacher in our public men—Lincoln spoke almost entirely in the rhythm of the King James Version; Theodore Roosevelt and William Jennings Bryan both had strong strains of the pulpit in their speeches. Woodrow Wilson consciously echoed the prophets. Wallace speaks with this same tradition in his words and something ancestral in us responds. We are already half-

persuaded because we know his language. I do not want to overemphasize this, but I think we can account for a part of his appeal by recognizing the accent of his family in his speech, for this accent is a part of the story of our families too.

The deeper truth behind this is that what he says is more than a part of his speech. It is a part of himself. His integrity is founded in the moral principles he proclaims, and this integrity is the sure source of his persuasiveness. He, the man, gets over to the people, and they love him.

Sophisticated people cannot understand this. Some of them resent it. But it is a fact in experience. A young friend of mine told me: "My wife worked in his office in BEW, and she worships the ground he walks on." People who attended the Madison Square Garden meeting at which he spoke during the last Presidential election came out with fervor shining in their eyes. I have seen its like only once or twice in my life.

I could multiply these illustrations, and they are not confined to the young. I know worldly-wise people who are just as far from his almost Puritanical way of life as they can be who get a hushed tone when they speak of him. And this was never more evident than when he seemed most dispossessed of power.

Somebody may say: "So what? They get that way about Sinatra too." Such a response is probably good for a laugh in certain companies, but it misses the mark entirely.

There is something in this man Wallace which makes him stand out among the crowd of shallow and phoney people who all too easily get the spotlight; and a generation that cries for moral courage responds to it. We are a little hungry for honesty in our public men. We overlook his lack of platform skill, and we are almost proud of his political ineptitudes because we find in them a sort of evidence that he is too honest to be slick. We believe such honesty is American, and we find in him a living exemplification of

a kind of Americanism of which we can be proud. We like to identify ourselves with him.

Henry Wallace is a complex man, but there is a quality of manhood in him that wins the devotion of those who know him best, and attracts the discerning approval of the plain people.

CHAPTER II

Wallace and Roosevelt

AN AMERICAN TEAM

IN the spring of 1932, Henry Morgenthau, Jr., dropped into the office of Henry Wallace in Des Moines, Iowa. The New Yorker was swinging through the country visiting key people to line them up behind the candidacy of Governor Franklin D. Roosevelt for the Democratic nomination for President. He was practical in his approach, his line being: "This Roosevelt is a lucky guy in politics. He can't be stopped. He has the kind of outlook that will meet your progressive views. Why not get on the bandwagon?" Morgenthau stayed to dinner. Wallace drove him around Des Moines and showed him the town. The visitor left on a late train the same day.

Henry Morgenthau knew of Wallace because he, too, is interested in farming. He withdrew from New York City business to devote himself to raising pedigreed cattle and editing a farm paper in upstate New York. One of his friends in the Roosevelt campaign was Rexford Tugwell, who had met and worked with Wallace on agricultural problems and legislation. These were the two men who decided to bring Wallace into the Roosevelt camp, and Morgenthau's visit to Des Moines was the opening move.

In July 1932, Wallace received an invitation from Cornell University to give one of the lectures on agriculture at its summer session, with a proposed fee of \$150. He wrote them that he was so engaged that month in his work with his hybrid corn that he could not spare the time. A couple of weeks later, Henry Morgenthau telephoned him that Franklin Roosevelt would like to have him visit him at Hyde Park on a certain date in August. Wallace did not have much money to spend on extra travel those days, so he got in touch

with Cornell University, told them that he could lecture for them in August if they could arrange the date, gained their acceptance of his proposal, and paid for his trip East out of the \$150. The future historian of Cornell may like to add a footnote to his chronicle saying that the institution financed the first meeting between Roosevelt and Wallace.

Wallace delivered his lecture at Cornell, and then went to Albany to spend the night. Characteristically, he was up early the next morning and paid a visit to the State Capitol before the hour when Morgenthau was due to pick him up and drive him to Hyde Park. In the Capitol, he fell in conversation with one of the State employes in the Museum. This was his way of finding out how Governor Roosevelt appeared to the people working around him. The report was not flattering, but Wallace was impressed by the fact that a State employe had no reticence about criticizing the Governor. There was no fear of spying or reprisal. One interesting note is that the comments this New York employe made about the way Roosevelt treated his associates were the same as have been repeated about him as President, and some of them have been applied to his treatment of Wallace himself.

Back at his hotel, Wallace met Morgenthau and they drove to Hyde Park. Roosevelt was then in the midst of the exciting ferment of his preparations for the fall campaign, and his mind was characteristically bounding from subject to subject, so the conversation covered many topics. On the agricultural side, Roosevelt had just been reading the plan of Governor Woodring of Kansas for planting the great plains with trees, and he was full of its possibilities. Wallace was fresh from his lecture on the cross-breeding of corn, and enthusiastic about the need for soil conservation, so he talked soil and crops. This was the first exchange of ideas between the two men.

When the Presidential campaign got under way Wallace made some speeches for Roosevelt, as he had done four years

previously for Al Smith, only this time he made more of them. The only time he saw Roosevelt during the campaign was when he went to Omaha to hear his speech on farm problems, and he did not go up to speak to him even on that occasion.

After the election, in the latter part of November, Raymond Moley called him to invite him to meet the President-elect at Warm Springs. When he arrived there, Roosevelt was shaving, but insisted that he come right in and talk with him. He had caught the new national leader in a reminiscent mood, for Roosevelt talked fast and furiously about how he had searched for hidden treasure around Campobello in his youth. He recounted all the stories of pirates and their traditional landmarks that had fired his imagination as a child, and told about expeditions of his friends and himself digging in the sands for the elusive gold. Wallace was a bit bemused by this approach, and it is a matter of record that when reporters asked him his impression of the President-elect, he replied: "He is an adventurer."

The more solid outcome of this visit was that Roosevelt asked him to stop off in Washington to confer with Congressional leaders about how to shape his agricultural ideas into a legislative program, and the serious conversations at Warm Springs revolved around what ideas to make central, and who were the key people in Washington to see.

Wallace spent the next weeks re-establishing his contacts in the capital and mapping the lines along which to approach the coming Congress. In February 1933, Roosevelt telegraphed him the invitation to become Secretary of Agriculture in his new Cabinet. Wallace accepted, and thus began one of the warmest personal partnerships of Roosevelt's public career.

A COMBINATION OF CONTRASTS

The personalities of the two men are in such sharp contrast that it would be difficult to imagine two more different

types. Roosevelt was mercurial, Wallace is plodding. New faces excited Roosevelt like old wine. He loved to have people around, encouraging them to be flashing and articulate. The more they scintillated, the more stimulating he found them, and the more brilliantly his own improvisations flashed. He reveled in wit and the matching of his mind against others. Wallace actually shrinks from such performances. He prefers a small company of familiars, preferably not more than one or two, who will tackle an idea thoroughly, shake it down to its essentials, analyze it to its core and expose its insides to the searchlight of the truth. He appreciates wit, and has his own contagious chuckle in response to it, but he would no more indulge in a contest of wits than he would stand on his head in the Senate Chamber.

Roosevelt got ideas through his pores. He had no patience for detail. He wanted reports to be short, preferably no more than a page, stripped of all verbiage, easy to grasp, pre-digested. He preferred oral to written recommendations. He wanted to get inside the other man's mind quickly, and when he thought he had grasped what the other had to say, nodded his head, meaning: "I get you." Unfortunately some people got the impression that this nod of the head meant: "I agree with you," and went away thinking the President had promised to go along with them. He had not. He had simply taken their point of view and focussed it for whatever influence it might have on his future consideration. Wallace delves into details. He measures and weighs and calculates. He wants reports he can dig his teeth into, and if anyone talks with him, he probes his mind, searching for the factual basis of opinion, stating his own doubts and differences, leaving no room for misunderstanding about his unresolved questions.

For instance, last December Wallace made an address on "The Use of Statistics in the Formulation of a National Full Employment Policy." In the course of it he said: "I first

became intrigued with statistics in the calculation of corn-hog price ratios back in 1915," and later referred to the fact that he had tackled "the problem of using multiple correlation coefficients to determine the relationship between summer rainfall and temperature, on the one hand, and corn yields on the other." We cannot, by the widest stretch of imagination, picture Roosevelt working over "multiple correlation coefficients" of anything.

This contrast of the two men can be beautifully illustrated by an exchange of telegrams between them during the 1944 campaign. In his Chicago speech, Roosevelt set the goal of sixty million jobs. Wallace wired him: "Your goal of sixty million jobs is perhaps high but I glory in your daring and, as you say, America can do the seemingly impossible. We are predicting that you will carry thirty-six states and have a three million popular majority." Roosevelt replied that he was glad Wallace liked the Chicago show and that he promised to make good on the sixty million jobs if Wallace would do the same with his predictions concerning the thirty-six states and the three million majority.

Wallace saw the sixty million jobs as a challenge to a precise statistical figure. Roosevelt saw the exchange of telegrams as a challenge to match predictions. The enlightening sequel is that both men were right in their figures. Roosevelt won the election by slightly more than three million votes. Wallace has spent months since the election figuring the possible number of jobs, and he told me on March 4 of this year that he was convinced that sixty million was about the correct estimate.

The two minds worked together like this. Wallace was fascinated by the quick and almost intuitive accuracy of the President. Roosevelt had unbounded admiration for the thoroughness of Wallace's mental processes, and an unqualified confidence in his intellectual integrity. He also had the faculty for taking Wallace's results and using them to enrich his own thinking. Together, the facile and the painstaking

man were a team in which each skilfully supplemented the other.

The force which bound them was that they were both committed to a common idea. Wallace is thoroughly convinced that Roosevelt has done for this country and people in this period what only a man with his combination of gifts could have done. He was drawn to him by his brilliance, as opposites are apt to be drawn together, but his loyalty to him was based on more than personal affection. He saw in him the one who could do the most in the present crisis to serve the ideals that he holds dearer than any personal ambitions. I have heard people say that Wallace's devotion to the President, which moved him to accept any treatment Roosevelt meted out to him, is a sign of weakness. I am not so sure. He served Roosevelt because he was convinced that FDR served the cause he cherishes, and this submergence of his own personal pride in the pursuit of a cause is the kind of strength out of which real greatness is produced.

Roosevelt had the public advantage of being a vivid person. He had the Roosevelt knack of being provocative. He could not enter a room without everybody being aware of his entrance. He could not be ignored. Few found it possible to be indifferent to him. There was a sort of energy about his human approaches that created a magnetic field around him, so that everybody in his presence vibrated negatively or positively. He could and did project this quality over the radio. He unconsciously put on a production every time he appeared anywhere. He was both show and showman, and was exhilarated by the effect he knew he produced. If he had never been a politician, he still would have been a celebrity of some kind. He had the indescribable flair of the individual who cannot be overlooked. Consequently, he was the most controversial figure of our history since his cousin, Theodore, and he commanded a deep and widespread affection probably unmatched by any man during his lifetime in our history. The corollary of this was that he was also hated more

vindictively than any of our public men, at least, since Abraham Lincoln. Contact with him was like an electric shock, sudden and elemental. In a profound sense, he was by nature a political man.

Wallace has no such vividness. He can steal into a room without being noticed, and rather prefers it. Some people have been with him often and for long periods without ever catching the infection of his mind. He kindles slowly and only in response to the right kind of stimuli. He warms up gradually, but it is a kind of warmth that permeates eventually, and, after a time, there are a lot of people who are affected by it. He is elemental, too, but he does not shock people into recognizing his existence. He is like a river that moves imperceptibly toward the sea, but cuts through cliffs and generates its power silently; seemingly unobtrusive, he expands both his authority and his influence. He has made himself a tremendous personal force in the life of the country, with a huge personal following which is completely devoted to him. His enemies do not hate him personally. They hate his ideas. He too is a political man, but more a political philosopher than a politician. He has won his following by sheer character and consistency.

To say that Wallace was less of a politician than Roosevelt is to say nothing, for Roosevelt was the ablest political manipulator this country has had since Jefferson. We should be nearer the truth if we should say that Wallace is not a politician at all in the generally accepted sense. He lives and moves by the imperative of his convictions with remarkably little calculation of the effects of his actions upon his own personal fortunes. Roosevelt balanced his conviction with calculations of his own personal reputation, so that we may say that he responded to the imperative of ambition as well as to that of his cause. Like the good yachtsman he was, he knew how to tack to catch the wind away from his rival's sails to fill his own. He had no prejudice against taking a zigzag course so long as he was generally mov-

ing toward the goal. He knew the tricks of politics and did not hesitate to use them. Wallace is not a yachtsman, he is a track runner. He goes straight for the tape, depending on the inherent power of what he represents to register its own superiority. He practices no wiles, plays no tricks, but assumes that a forthright policy and straightforward dealing are all the recommendations he needs.

This made Wallace less effective than Roosevelt, and leaves him open to being more easily deceived. Roosevelt was out to use everybody he could for the purposes he desired to serve, and so he assumed that everybody else was out to use him, which put him on his guard. Wallace is out to serve an idea sincerely, and so he assumes that everybody else has an equal sincerity. This gives him an amazing tolerance which unscrupulous men do not hesitate to abuse. He misjudges men by his very desire to be fair with them. For instance, during the fight over his nomination as Secretary of Commerce, he remarked that he did not think there was any Senator who actually disliked him when, as a matter of fact, some of them were out to knife him in any possible way by any means, fair or foul. This lack of judgment, unfortunately, not only leads him to under-estimate his enemies but also to over-estimate some of his intimates, with the result that there are individuals close to him whose advice is neither unmotivated nor wise. He is used by lesser men whereas Roosevelt knew how to use them.

In the last analysis, however, both Roosevelt and Wallace knew their own minds and acted on their own judgments. Roosevelt picked the minds of everybody he met and listened with especial respect to his few closest advisers, but, except when he acted on impulse, he arrived at his own conclusions on the basis of the pattern which ideas formed in his own mind. His active brain absorbed a hundred impressions and then evoked from them a convincing image more comprehensive than any of them. Once this was formed, it commanded him, and not all the casuistry of a hundred counsellors

could change it. The process was almost intuitive. Wallace works to his conclusions by sheer mental sweating. He thinks things through, walking around them and viewing them from all angles, doggedly shaping the finished product through a discipline of testing, rejecting, and accepting that is like a scientist's laboratory technique. But once the experiment is over, he is as sure of it as the scientist and cannot be persuaded to re-examine it unless a totally new element is introduced. When he arrives at a conclusion he goes all out on it, regardless of how much unpleasantness has to be endured.

This points up one difference between Roosevelt and Wallace that comes out in favor of the latter. People fascinated the President so much that he could not easily rid himself of anybody. His great weakness as an administrator was rooted in his facility. He was so masterful at compromise that the easy way for him to settle any conflict, including his own, was to work out a deal on it rather than to make a sharp break. If two agencies clashed, he created a third to include both. If any individual failed, he found another place for him. On the other hand, when Wallace has arrived at the careful conclusion that an agency or an individual has fulfilled his purpose, he gets rid of it or him. Emotionally he hates to fire anybody, but when his mind is persuaded that he should, he goes through with the distasteful job. This is a discipline which Roosevelt never achieved.

All told, these two men were drawn to each other by the very contrast of their gifts, and as they merged them the cause they both served gained immeasurably. This was the key to their loyalty to each other during twelve years.

CHAPTER III

The First Clash with Jesse Jones

A CONTRAST IN IDEAS

AFTER the first eight years, Roosevelt was looking for a running-mate for the office of Vice-President. John Garner had more and more aligned himself with the section of the party that was opposed to the New Deal, and in the intra-party struggle that preceded Roosevelt's announcement of his candidacy for a third term, Garner took his stand with James Farley and the anti-Roosevelt wing. Personal relationships between Garner and Roosevelt were strained to the point of breaking. They broke openly at the Convention. In spite of the revolt, the President retained control of the delegates, and Harry Hopkins was sent to Chicago to nominate Henry Wallace for Vice-President.

Roosevelt's insistence on Wallace had both a personal and a political side. It was his personal tribute to the man whose mind and character he had grown to admire. It was his political declaration that he stood by the New Deal and intended to have a man at his right hand who would support him in it.

The Convention objected to the nomination. There were hoots when Wallace's name was presented. Hopkins was none too skillful or tactful in cracking the whip. But Roosevelt flatly declared that he would not accept the nomination unless Wallace were the other candidate. The delegates knew that they would not win without Roosevelt, and so they sullenly nominated Wallace.

He was a new kind of Vice-President. Departing from the usual practice of confining himself to presiding over the Senate and otherwise being a nonentity, he seized the opportunity of his office to declare and publish his views on economic and social questions. He traveled to all parts of

the United States, spoke before all kinds of groups, interpreted the social changes he saw taking place, and showed unflinching courage in speaking out on all kinds of hot controversial questions. He became recognized as the leading spokesman for progress and social justice.

The one consolation that the professional politicians had managed to get out of the election of Wallace as Vice-President was that he was taking an office that traditionally cast its occupants into the shadow of obscurity. He was to be on the shelf for four years according to their reckoning.

This consolation was shattered one summer morning in August 1941 when they read on the front pages of their newspapers that the President had appointed Wallace head of the Supply Priorities and Allocations Board. He was back in a big executive job that put him above such redoubtable industrialists as Knudsen and Nelson. He was charged with the great responsibility of bringing order out of the confusion prevailing in production, and getting the nation hitting on all eight cylinders for preparedness.

He tried manfully to accomplish this, but the set-up of agencies and conflict of authorities were such that he did not have a chance. Within six months, the SPAB was discontinued, and the President inaugurated central control over all production by the War Production Board under Donald Nelson as its chairman.

Wallace was given the new position of chairman of the Bureau of Economic Warfare. His duties were outlined as "to advise, develop and coordinate all policies, plans and programs for the protection and strengthening of America's economic relations in the interest of national defense." He associated Milo Perkins with him as Executive Director.

He went to work with enormous energy, and the functions of the Bureau multiplied and spread. He appraised our war needs, and went after tin in Bolivia, rubber in Brazil, copper in Chile, and other necessary war materials through all Central and South America.

THE FIGHT AGAINST BUSINESS-AS-USUAL

His inventory of our demands was scientifically prepared. He knew just what we would want. He foresaw the magnitude of the coming struggle and planned his purchases on a correspondingly large scale.

But he could not import the materials he desired until he got the approval of Jesse Jones, head of the Reconstruction Finance Corporation. Jones had to pay the bills and he decided which he would pay. He did not agree with Wallace's figures. He was much more conservative in his estimate of what we should have to win the war. Accordingly, he argued about all the contracts and refused to authorize many of them. Later, in the spring of 1942, the Truman Committee reviewed the whole business, and sharply charged Jones with responsibility for our rubber shortage. Events proved Wallace right and Jones wrong.

We are ahead of our story, however. When Wallace began making his purchases in South America, he characteristically became interested in the working conditions of the people who were producing the materials. He found some of them deplorable. He could not bring himself to consent to using American money to subsidize sweated, and worse than sweated, labor, so he assigned some funds to start a program of improving the lot of the workers. He made no effort to revolutionize industry in any of the countries, but he believed the American doctrine that the better the living and working conditions of the workers, the more efficiently they would work; so he invested money in experts to bring improvement into the working areas. Apart from the humanitarian aspect of this enterprise, it was good business, for the expenditure would be more than returned in increased output.

Washington, however, went into one of its emotional outbursts. The cry was raised that Wallace was trying to carry the New Deal to South America. He was committing

the unpardonable crime of doing something to raise the standards of living of neighbors working for the United States.

Jones looked at such expenditures with an icy stare, and froze on the statement that he was signing no checks to send a lot of social workers into South America for what he scornfully called "uplift activities."

Wallace, thus hampered, harassed, and frayed by increasingly strained relations, took the dispute to the White House. The President listened, and issued an executive order compelling Jones to sign checks for bills approved by Wallace. This same executive order transferred to BEW certain activities hitherto in charge of the State Department.

Cordell Hull, whose opinion of Wallace is not high, to put it in language less picturesque than he would use, stormed into the White House and the President rescinded that part of the order relating to the State Department, but stood firm on the Jones limitation.

The next few months saw an unceasing battle between Jones and Wallace, probably the fiercest and longest drawn out of all the interdepartmental struggles of Roosevelt's administrations. Jones bucked at every contract and every bill, repeating over and over that he was not going to be party to a social crusade.

THE EXPLOSION AGAINST JESSE JONES

In July 1943 Henry Wallace appeared before the Senate Appropriations Committee and proceeded to launch a Philippic against Jesse Jones so vitriolic as to stand unparalleled by any other attack ever made in our history upon a Cabinet Minister. In a prepared statement, which he had submitted to neither the OWI nor the White House, he charged Jones with "obstructionist tactics," "hamstringing bureaucracy" and "harmful misrepresentations," and called him a "timid business-as-usual" operator.

He tried to persuade the Senate Committee that BEW should be allowed to pay directly for strategic materials it wanted to import, rather than to have to wait for Jones to sign checks, which he was doing as head of the Reconstruction Finance Corporation. He charged that Jones, by failing to authorize payment for goods the BEW wanted to bring into this country, had "failed dismally, so far as the export field was concerned, to build the government stock piles."

Jones replied that the BEW was "hysterical" and preoccupied not with getting goods but with spreading the more abundant life. He charged that Wallace's statements were filled "with malice and misstatements" and claimed that "there has been no serious delay by us of any vital program." When he was brought face to face with Wallace, he refused to accept a reconciliation but insisted that the Congress should investigate what he called "the dastardly charge."

Faced by this bitter break in his official family, the President took a strong line that such open quarrels among members of the Administration had to stop, and removed Wallace from the BEW.

Wallace's violent attack might better have been made directly to the President, with the warning that, if nothing were done, it would be given to the Senate. But allowing for this criticism, the attack itself was no more than any red-blooded American would have made when convinced that shortsightedness was hampering preparation for war, and that this was being supported by methods of personal attack descending to the lowest levels of political abuse.

The Truman Committee's report has given Wallace's policies all the justification they need. He was looking ahead and seeing straight. We were short on rubber and other supplies when war demands increased, because Jones and not Wallace prevailed.

WHAT THE FUSS WAS ALL ABOUT

Apart from the building of stock piles in essential goods, however, the incident throws into sharp relief the contrasting social and political philosophies of the two men. Wallace had a concern for the workers. Jones had none. He would frankly say that they were none of his business. Wallace would say that everybody engaged in the work into which he was putting the money of the United States was his business. If this seems like sentimentalism or nonsense to you, gentle reader, give this book right now to the salvage drive, for you will never understand Henry Wallace.

He takes this position on the sound theory that it is good business. It is also good ethics. There is nothing contradictory about this; it simply means that as our highly organized industrial society brings us closer and closer together, we are discovering with new emphasis that a good life for each of us is assured only by a good life for all of us.

When anybody, apart from the preacher especially brought in for this express purpose, spoke to any business convention in the old days about practicing morality in business, he was dubbed an idealist and discounted. If he had a lot of money he was treated as an amiable eccentric. If he had no money he was ignored. The old-time employer was a nice fellow to his friends, a subscriber to the Ten Commandments, a paternalistic guardian of his workers, and a patron of charity. He was a good man according to his moral lights, but he never agreed that they should shine into his business relationships, particularly his employer-employee relationships. These were strictly business compounded of his orders and hard cash.

Lately, a new kind of approach has been sold to business. It is largely the old idea of treating people decently, but it did not get in by any such unpretentious name. It is called scientific management, taking into account the psycho-

logical factors in production. It means treating workers as people, and is now acceptable to those who have tried it because it pays. This is one point where it is now generally accepted that good ethics is also good business.

A few of the more broad-minded industrialists are waking up to the fact that a fair sharing of the increased profits of our modern machinery between employer and employee is also good business. They can see that workers assured of good living conditions and wages enough to get the things they want are more efficient units of production and also potential customers. They are beginning to see the connection between welfare and wealth. Their workers are their business, and so are the workers of other employers. It is this insight which Wallace expounds.

In doing it, he is rendering a pointed service to industry in particular as well as to the nation at large.

A highly esteemed Swedish economist, Gunnar Myrdal, spent several years in this country studying us and our ways. Just before he left at the end of last year, he expressed the opinion that control of our economic life is in the hands of men who lack both the knowledge and the will to maintain prosperity—our bankers and industrialists. He said that we shall have to have at least one more depression before we make up our minds to set our economic house in order. He was particularly critical of our conservatives who have made a promise to our people that what they call "free enterprise" will guarantee against unemployment. He thinks they have foolishly gambled their whole future on a promise they cannot possibly keep. This is the group of which Jesse Jones is a spokesman, and the warning of a neutral and skilled observer puts us on notice of where his kind of thinking will take us.

Jesse Jones sets his sights too low on the war. He and his kind are setting their sights too low on the needs of the peace. They would leave us unprepared for the hard times we have to anticipate.

After the war ends in Europe we shall within a few weeks have four to five million unemployed. Within a month or two of the end of the Pacific war we shall have ten to fifteen million unemployed. It is true that there will be a boom in consumers' goods, but this will be spotty, and, unless full employment is provided, the present savings of our people will be exhausted in eighteen to twenty-four months.

This is the outlook with which Wallace is concerned. The plain people are worried about it, too, and this is why they are rallying to him. Our conservatives either will not face the facts because they are unpleasant, or else they are blinded by their faith in their own slogans, or else they are consumed by a burning desire to cut their own throats and ours with them. Their inaction and failure to present any kind of program to meet imminent crisis is beyond rational explanation. Henry Wallace is stepping into the vacuum they have left. He is warning us of the danger ahead, and offering a plan to meet it which is more than any industrialist or group of industrialists or legislative group has done. It is a plan as essential to industry as to labor.

This first row between Wallace and Jones may seem remote to us now, but it was the beginning of the open conflict between two philosophies of economics and politics in which our whole future is involved. The cleavage moved inevitably toward a second stage in which our planning for post-war America was the issue.

CHAPTER IV

"For Henry"

A LETTER FROM THE WHITE HOUSE

ON the day of his fourth term inauguration President Roosevelt sent a letter to Jesse Jones, Secretary of Commerce, which was destined to start one of the most resounding political storms of all his stormy Administrations. The President was too proved a politician for us to believe that he did not know what he was starting. The letter asked for Jones' resignation, and announced that Wallace was to succeed him.

The salient paragraphs read:

"Henry Wallace deserves almost any service which he believes he can satisfactorily perform. I told him this at the end of the campaign, in which he displayed the utmost devotion to our cause, traveling almost incessantly and working for the success of the ticket in a great many parts of the country. Though not on the ticket himself, he gave of his utmost toward the victory which ensued.

"He has told me that he thought he could do the greatest amount of good in the Department of Commerce, for which he is fully suited. And I feel, therefore, that the Vice-President should have this post in the new Administration.

"It is for this reason only that I am asking you to relinquish this present post for Henry, and I want to tell you that it is no way a lack of appreciation for all that you have done, and that I hope you will continue to be a part of the Government."

This letter was combed for hidden meaning. The most obvious was that Jones had been lukewarm about the reelection of Roosevelt, and was even suspected of having

had a hand in the Texas plan to defeat him in the Electoral College, while Wallace was loyal to his Chief even though Roosevelt had not supported his candidacy for the Vice-Presidential nomination. Those who supported the President said that this was his way of serving notice on all his associates that he would have nobody around him on whom he could not count. Those who criticized him said that this was as cynical a declaration of political use of the spoils of office as any on record.

Some attributed more subtle motives to the letter. They maintained that it got rid of Jones, and, at the same time, put Wallace in such an impossible position that he could not be confirmed, and so was intended to get rid of him, too. Thus, they said, FDR would be quit of the present Secretary whose loyalty he doubted, would have paid his debt to Wallace by nominating him, but would be rid of the embarrassment of having Wallace in his official family because the Senate would not confirm him. Thus, according to this theory, he would still have the two posts of Secretary of Commerce and Chairman of the Reconstruction Finance Corporation to confer on one or two other deserving Democrats.

Whatever the interpretations read into the letter, nearly everybody agreed that it was full of political dynamite.

The dynamite soon began to explode. Senator Connally, from Jones' home State of Texas, and one of the leaders in defeating the plan to have that State's votes swung away from Roosevelt in the Electoral College, came to the support of his fellow Texan, and declared the President's action "unfortunate." The habitual opponents of the President took a much more bitter line, and the fight was on.

Senator Walter F. George, Chairman of the Senate Finance Committee, introduced a bill to sever all lending agencies from the Department of Commerce and return them to an independent federal agency. This bill and the nomination of Wallace were referred to the Commerce

Committee, presided over by Senator Josiah W. Bailey, who at once announced that he favored the George Bill. This was on the day that Roosevelt left for his conference with Churchill and Stalin at Yalta.

Hearings before the Commerce Committee followed, at which Jones and Wallace testified. The contrast at the two sessions at which they appeared would provide a fit subject for the pen of Jonathan Swift, or for one of the malicious plays of George Bernard Shaw. It dramatized the nation's choice for the future charting of its course.

THE PAST SHAKES HANDS WITH ITSELF

Jones appeared at a hearing held on Wednesday, January 24.

His statement had something of the apoplectic quality of a member of the Union League Club discussing the New Deal. He said such things as: "It is my firm conviction that the Government's investment in plans and facilities, and in raw materials of all sorts, represented by billions of taxpayers' money, should not be made the subject of careless experimentation." And he added later: "Certainly the RFC should not be placed under the supervision of any man willing to jeopardize the country's future with untried ideas and idealistic schemes." Still later he rang the un-failing refrain: that the lending agencies should not "be used to destroy what we have built up in this nation in 170 years."

There was no dispassionate analysis of Wallace's proposals, and no projecting of any plan to assure employment in the future. There was a banker of the old school protecting dollars and denouncing new ideas. He spoke the minds of those who see wealth as something for individuals to own, but not as something for society to use for defined and desirable social ends.

In the questioning that followed, Jones uttered one sentence that deserves to be singled out and underlined for

the historian of the future. Senator Pepper, interrogating Jones, said: "The question I asked was whether in your opinion, a man, assuming his competence, one man, can in these times administer the duties of the office of Federal Loan Administrator and the office of Secretary of Commerce?" Jones replied: "I think that is possible if you will work long enough, and enough hours. I do not think there is another fellow in the world who will do it except me."

That is Mr. Jones' recognition and confession of his faith in a self-made man.

How would Henry Wallace, or any other man, stand in his mind against such competition?

Most of the Senators approved of Jones. He looked like a substantial business man. He repeated the phrases they roll on their own tongues when denouncing upstart New Dealers. He said nothing to disturb the economics they vaguely remember from Economics I in their dear old college days. They were at home with him. He reminded them always of yesterday and never once of tomorrow.

Here are a few exchanges between Jones and Senator Bailey:

THE CHAIRMAN (Senator Bailey): Have you ever used your powers as Loan Administrator and RFC chairman for the purpose of determining the economic character or the social character of this country?

SECRETARY JONES: I certainly have not, except to the extent of being helpful. Naturally we have made loans and investments.

THE CHAIRMAN: But you have undertaken to preserve the American economy?

SECRETARY JONES: Yes, we have never used anything like all of the borrowing authority that we had, or the power that we had, or the money that we had available. We have been conscious every minute of every hour, and every hour of every day of the responsibility that we have, and if we were

praying, then we would pray to God to give us the courage to do what we thought was right.

Later, the following colloquy occurred.

THE CHAIRMAN: What are the limits? What are the financial limits, of your resources for borrowing money, as loan administrator?

SECRETARY JONES: What are the limits?

THE CHAIRMAN: Yes. Is there a limit? How far can you go?

SECRETARY JONES: We can lend anything we think we should.
(*Laughter*)

THE CHAIRMAN: That means the sky, does it not?

SECRETARY JONES: Any amount, any length of time, any rate of interest.

THE CHAIRMAN: And to anybody?

SECRETARY JONES: And to anybody that we feel is entitled to the loan.

The only member of the Committee not overawed by this titan of finance was Senator Claude Pepper, whose questioning at one point evoked a delightful description of business men from Jones. In the course of a long answer to one of Pepper's inquiries, Jones delivered himself of the following classic lines:

"I am a little business man, a typical business man, know the big fellows and know how smart they are, and I know the people who come to the RFC to get money are not entitled to it, and yet they are awfully smart. Men come to us drawing salaries of \$100,000 a year, maybe, and they talk to our boys who are getting \$6,000 or \$7,000 or \$8,000, and they do not run away with anything.

"You know we are the sugar and there is where the flies are. Where the money is, that is where the moochers are, and the moochers have not all been in WPA. They are in business. Men come to us for money who are not entitled to it, and yet they put up a plausible tale, and unless a man

is experienced in business, he is liable to make a lot of mistakes."

It was right after this expansive description of business men as "flies" and "moochers" that Jones made his confession of his being the only man in the world who would carry on the duties he had carried. Senator Pepper was not abashed by this declaration of Mr. Jones' superlative value, however, but continued in his lonely role as the only member of the Committee who questioned Jones' infallibility. His next few inquiries brought out the declaration that Mr. Jones thought Wallace as incompetent as he had previously declared business men greedy.

SENATOR PEPPER: He (Jones) has made the statement repeatedly throughout the hearing that he did not regard Mr. Wallace as qualified, and we are entitled to know the basis on which Mr. Jones makes that statement. If he has got any facts to base his opinion on, or possibly a prejudice, we ought to know it.

SECRETARY JONES: A lack of experience, and there is no prejudice.

SENATOR PEPPER: That is what we are entitled to know.

SECRETARY JONES: Well, I have said that.

SENATOR PEPPER: Well, now, what are the experiences that show his inability to administer the duties of this office in your opinion?

SECRETARY JONES: I said the lack of experience.

SENATOR PEPPER: Very well. Will you tell us what the experiences are so we can let him have a chance to answer?

SECRETARY JONES: I do not care to get into an argument with you about it; I am not going to do it; it is not necessary.

When Senator Pepper pressed the issue—and finally asked: "Have you any quotations, have you any official acts on the part of Mr. Wallace which you disclose to the committee as a basis for these opinions?" Bailey came to Jones' rescue, saying that the confirmation of Wallace was not before the

committee, and that the line of questioning was not pertinent. Senator Pepper insisted that he thought it pertinent to the inquiry, but Senator Bailey ruled him out of order. So Jones' definition of Wallace's inexperience never became part of the public record.

Apart from the probing curiosity of Senator Pepper, the whole hearing had something of the quality of a tribal ritual—unblemished picture of the words of politics listening intently to an unbending priest of investments and percentages answering his familiar recital of its well-worn ritual with the antiphonal and anaesthetic approvals of a formal parliamentary inquiry. They closed the session confirmed in what they had always believed, and glowing with self-congratulation on their undeviating loyalty to what they had never questioned. God was still in His heaven, and Josiah Bailey in the Chair. The past shook hands with itself as they adjourned. And the elders nodded approvingly to each other as they took their separate ways to their upholstered homes.

THE FUTURE DISTURBS THE PAST

Henry Wallace appeared before the Committee the next day, Thursday, January 25.

He began characteristically by pushing aside all pretense, and saying that he and the Committee both knew that the proposal to strip the lending powers from the Department of Commerce was made because he had been nominated. He staked out the true issue with equal plainness: "You know and I know that it is not a question of my 'lack of experience.' Rather it is a case of not liking the experience I have."

He then stated the bare facts of his lending record during the eight years when he was Secretary of Agriculture. Under his control were the Commodity Credit Corporation, the Farm Security Administration, Farm Credit Administration, and the Rural Electrification Administration. The total sum lent by these agencies during the eight years was \$6,000,000,000. The number of loans were 11,500,000 commodity credit,

and 1,208,000 rural rehabilitation. In addition, 20,184 tenant farmers were helped to buy their own farms.

He passed this over with the statement that he would amplify any details about which the Committee might want to question him, but that he did not believe his competency as a financial administrator was the real issue. "The real issue is whether or not the powers of the Reconstruction Finance Corporation and its giant subsidies are to be used to help big business or whether these powers are also to be used to help little business and to help carry out the President's commitment of 60,000,000 jobs."

He pointed out that this was not a question of personalities, but of fundamental policy—"of the path which America will follow in the future." "Shall we approach the problems of peace with the same boldness of conception, the same courage and determination as we have approached the problems of war?"

He sharpened this question with facts. We are now producing goods and services to the gigantic total of \$200,000,000,000 a year with 52 million workers and 12 million in the armed services. "In simple language that means that today America is producing nearly twice as much as she had ever produced before the war . . . if we can produce a huge flow of ships and guns and planes and tanks, we can also produce an abundance of houses and cars and clothing and provide education and recreation and the other good things of life for all Americans."

He projected his vision of the future: "America will have the capacity after the war for producing housing, cars, clothing, education, recreation and all of the other good things of life on a scale that staggers the imagination. That is what America can and will do if we have the courage and vision to give her the chance."

Setting his sights at this level, he presented the rest of his program in terms of the "Economic Bill of Rights" which President Roosevelt set forth in his message to Congress in

January 1944. We can get into his thinking by no better means than taking its eight points and summarizing his suggestions for carrying them out.

1. *"The right to a useful and remunerative job in the industries or shops or farms or mines of the nation."*

Wallace pointed out that this would require new facilities, new plants and new equipment. This means large outlays of money, and the Government should be ready to aid where this involves so much risk that ordinary private or banking credit cannot undertake it. He estimated that a comprehensive investment program of this character could make possible \$20,000,000,000 of new private investment each year. This will provide jobs which will mean wages, which, in turn, will mean purchasing power to keep up a mass demand that will keep our production machine turning out goods for a continuously profitable market. In addition to the domestic market, we shall need to export agricultural and other products. And so he tied into his program for our own country support for the Bretton Woods proposals for the establishment and maintenance of sound international currencies, to provide the soundest possible basis both for other nations to purchase from us and for us to buy from them.

Given these conditions for the encouragement of business, we still have to anticipate that there will be fluctuations in employment, and so he suggested further that when the number gainfully employed in this country falls below 57,000,000, our Government shall take prompt steps to see that enough jobs are made available to take up the slack—57,000,000 being accepted as the floor below which employment shall not be allowed to fall. For this purpose, we should have plans for public works always in reserve.

2. *"The right to earn enough to provide food and clothing and recreation."*

Wallace paraphrased this to read: "Every job in America must provide enough for a decent living." We have held

down wages during the war because there was no way of increasing the total output of civilian consumer goods; increasing wages without increasing the volume of goods to buy with them would mean inflation. After the war, however, we can increase the amount of goods our people can buy, so that it will be good sense to see that they have enough money to buy them. As our business expands, we must increase our basic purchasing power to match the expanding quantity of goods—and our basic purchasing power is that in the hands of the masses of our people. The ten percent of our population in the top income brackets, no matter how rich they may become, can buy only a limited quantity of goods. Our prosperity depends on the broadest possible base of purchasing power. It is to the advantage of business to see that the worker gets his full share. Wages, properly understood, are not a threat against profits, but an assurance of their continuance. If we can provide a steady income to all our workers, we shall be creating the foundation for steady business.

Wallace proposed on the basis of this principle that we should move toward establishing an annual wage for all workers as rapidly as possible.

3. *"The right of every farmer to raise and sell his products at a rate which will give him and his family a decent living."*

The farmer's problem is the same as that of the manufacturer: how can he be sure of a steady market for his output at fair prices? This is answered to a great extent in a land where there is full employment, for the first expenditure of workers is for food. To meet emergencies, however, Wallace proposed that the farmer should have the further protection of an adequate floor on farm prices, a comprehensive Federal crop insurance program, and a plan for raising the standards of living of farm families through improvement of farm buildings and rural electrification.

4. *"The right of every business man, large and small, to*

trade in an atmosphere of freedom from unfair competition and domination by monopolies at home and abroad."

This is the guarantee of true freedom of enterprise. The most powerful menace of this freedom now is the concentration of power to control prices and markets in the hands of monopolies and cartels. Restricted output at high prices per unit kills fair competition, which produces its greatest social benefits through making possible large volumes of business at a low cost per unit. To check monopolistic power, Wallace advocated vigorous enforcement of the anti-trust laws, and a policy that will prevent the growth of monopoly in new and expanding fields of industry like air transport, frequency modulation, television, fibers, plastics and other such enterprises.

5. *"The right of every family to a decent home."*

Wallace projected this into the specific proposal for a housing program providing 2,000,000 housing units a year. We need at least 15,000,000 new housing units if we are to be rid of our slums and substandard dwellings. He further advocated that every encouragement be given our people to make us a land of home-owners. And he made the extra point that such a housing program as he presented would provide 4,000,000 jobs a year, or twice as many as the maximum engaged in such work prior to the war.

6. *"The right to adequate medical care and the opportunity to achieve and enjoy good health."*

Wallace stated his belief that "Your Federal and State Government have just as much responsibility for the health of their people as they have for providing them with education and police and fire protection." To meet this standard he proposed that medical attention be available to all our people, that health insurance be made an integral part of our Social Security program, that every community have a hospital, and that the Government provide financial aid for an expanded program of medical research.

7. *"The right to adequate protection from the economic fears of old age, sickness, accident and unemployment."*

To meet this requirement, Wallace told the Senators that he favored a broader Social Security program, with adequate old-age insurance. He estimated that such a program would add enough purchasing power to our people to provide 2,000,000 additional jobs a year.

8. *"The right to a good education."*

To begin to do a good job in training our future citizens we need at least 500,000 more teachers—some to reduce the size of classes in our centers of population, and some to go where schooling at present is of such poor quality that it can hardly be called education at all. Wallace proposed federal aid to poorer communities and provision of increased technical and higher education for all qualified young men and women regardless of their financial means. He saw this federal aid as bringing both financial and social returns in the number of productive jobs that it would encourage.

In the course of this presentation of his views, Wallace made one or two assertions that throw light on the background of his thinking.

He declared plainly that the Economic Bill of Rights constitutes a toughening fiber for free enterprise, and does not in any way run counter to it. These were his words: "In your consideration of this program you will note this striking fact, namely, that to the extent that private enterprise grows in strength, the Economic Bill of Rights grows in reality—and to the extent that the Economic Bill of Rights grows in reality, American private enterprise grows in strength. Thus, all the measures which are suggested in this program for the implementation of the economic bill of rights are at the same time designed to make American capitalism and private enterprise work in the same great manner in peace as it has worked in war."

He also stated strongly his belief that he was speaking for a point of view supported by the majority of the American

people. Again, we will let him speak for himself: "I am confident that the great majority of the American people share this same great faith in America and the American way of doing things which I have expressed here. We know our way and the road ahead is straight and broad, although there are many hills which we must climb. The program which I have set forth is only the first milestone, for the capacity of the American way of life in the years to come is beyond the vision of man. The American system of free enterprise is the best the world has never known, and through it we can obtain, God willing, the best that this world has to offer."

THE PAST SNARLS BACK

Henry Wallace is not at his best in the give-and-take of political rough-and-tumble. His natural shyness crops out. He has no particular interest in partisan angles of questions and answers, rather looking upon them as eccentric outgrowths of what he is really interested in—the underlying philosophy of government and economics. When a strictly political note is brought in, he is embarrassed by it, and likely to express this embarrassment in a nervous laugh that his enemies call a giggle. This same sort of embarrassment comes to him when he is asked about his personal life and fortunes, and it brings out from him weaker replies than a more hard-bitten man would offer. Consequently, there were moments in his testimony when he was visibly ill at ease, and the Senators opposed to him took full advantage of it. They were out to roast him, and turned the spit at every opportunity. When they worked through the political by-play, however, and got down to economic and social policy, he was at home with his materials and dominated the hearing. The Senators had the better of the politics, but Wallace of the statesmanship.

Early in the hearing, in answer to a question by Senator Pepper, Wallace said that "since 1913" the small business

man had found increasing difficulty in getting equity financing, and, by way of illustration, he added "Let me put it this way . . . if during the first ten years of this century the present type of financing and the present taxation had been in effect, it would have been impossible to have anything like the present automobile, the present electrical industry, the present chemical industry, and if we want in 1970 to have the Henry Fords and Edisons of 1945 to 1950 coming into flower it will be necessary to make possible a type of financing for small business which does not exist today."

At this point, Republican Senator Brewster of Maine injected an obviously partisan question: "That is rather a severe indictment of twelve years of this Administration, isn't it?" One reporter, giving a detailed account of the hearing, wrote that at this Wallace began to laugh, and continued chuckling for more than thirty seconds. Apparently this annoyed the reporter and the Senators, but it was a natural enough reaction from a man of Wallace's type. His mind was on the single track of trying to find an answer to a strategic need in our economic structure when he suddenly found his analysis of a condition which has developed in the past thirty years twisted into a clever and sharp political barb aimed at the present Administration. He was not prepared for it, not particularly interested in it, and took it as a more or less facetious bit of by-play to be passed over as easily as possible, so as to get back to the real business of thinking out a policy for the future. A more glib politician would have answered: "Not of the past twelve years, Senator, so much as of the twelve years of Republican misrule that preceded them, which left us with so many problems that even the energy of this Administration has not been able to clean them all up, but we're getting around to this one now." But this kind of answer is foreign to Wallace's temperament and the frame of reference in which he does his thinking. He is not a political debater so much as he is a social philos-

opher in politics. Senator Brewster embarrassed him, and so put him at a momentary disadvantage. Wallace has the weakness of his virtues.

The same sort of thing came out when Senator Pepper, with every intention of aiding Wallace's cause, asked whether he would care to avail himself of the opportunity to state whether he had been able to manage his own private affairs in a frugal way. Wallace said: "I am not ready to talk about my private affairs." But Senator Pepper was anxious to get the facts about Wallace's success with his own hybrid corn company into the record, and so he pressed for an answer. Wallace was as obviously embarrassed by having to talk about his own affairs as he had been by the partisan angle of the other question, and this embarrassment showed itself in the awkwardness of his reply which has been quoted as evidence of his inability to talk about even his own business in a practical way. But those who have thus criticized it do not, I think, understand how genuinely most Americans will understand the kind of man who finds it difficult to expose his private affairs to the public spotlight. It is a sort of decent reticence that most of us share.

In fairness to Wallace, however, the reply should be read in full, for it does answer some of the questions about his relation to the family paper which have been asked, and, taken altogether, is more impressive than excerpts standing alone. Here it is:

"If it is any reassurance to the committee, the only institution with which I have had any responsibility is a seed corn company. I never owned a share of stock in any publishing business at any time and was never responsible for the business conduct of any publishing company at any time.

"When the publishing company consolidated with another company the decision was made while I was in Europe attending an international economic conference and studying certain scientific matters in the Balkan States, and I did not know about it until after it was done.

"But as I said, I had no business responsibility, no business responsibility with that concern. I was editor of the paper. And I do not reflect in any way on the business management.

"But with regard to the only concern with which I have my business responsibility, the corn company, the thing was my idea. It was based on my own corn breeding work. I had started experiments in 1906, experiments in breeding in 1913, had greatly expanded them in 1919, incorporated the business in 1926. I had very little money myself at that time due to the farm depression. I raised the money myself. I wrote out the articles of incorporation myself. I selected all the key people in the company myself. The farm manager, the folks that are key people in the company today, are people I picked at that time. I determined every step of the organization of the concern as it went on. It was genuinely a small business in its initiative.

"I know the problems of the small business man because I have lived with them. I have been on the note for more money than I could possibly pay. I depended on whether or not the corn was sold. I know what that experience is. I have been up against that more than many men who claim that they are hard-headed, realistic business men and I am not. I know what that is because I have been up against it.

"Last year this company sold more than \$4,000,000 worth of seed corn. I resigned as president of the concern when I came to Washington, and shortly thereafter I got my brother into the business. Last night he called me up to wish me luck at the hearing this morning, and I asked just out of curiosity how much money the concern owed the banks at the present time and was told it was \$800,000.

"Of course, if the sales of corn go well between now and next May, all of that money will be paid off. Last year, I believe, they borrowed something like \$1,000,000. They have always paid off the money they borrowed at the banks."

This is clearly not the way many business men would have told the story. They would have given their original in-

vestment, reported the yearly volumes and profits, and stated their present inventory and bank assets. But Wallace's mind was not on his own business. When it was brought up, it became no more than an illustration of the program he was advocating. He interpreted it in terms of the kind of small business enterprise that he was thinking about, and of his ability to understand and meet the needs of such enterprises. Woodrow Wilson used to say that he had a one-track mind; in the sense in which the former President meant the term, Wallace also has a one-track mind. It gets set on a topic and as long as that is dominant, everything else is related to it. He was before the Senate Committee with an idea. Anything extraneous to it, he put aside; anything that could be related to it, he included in the framework of that relationship.

His mind is painstaking and thorough. It suffers the weakness of this virtue. It is not fluent or quick in repartee. This makes Wallace a striking contrast to the President, whose mind is like a sea-gull on the wing, always poised to dart in any direction, and swooping down like a flash to seize on anything that will amuse or nourish it. If there is such a thing as a typical farmer's mind—patient as the seasons, seeing ideas through “first the seed and then the ear and then the full corn in the ear,” undeviating from the first straight furrow to the final accounting of the last cent in the fall—Wallace has it. It is never spectacular, but it brings in a harvest.

It does not operate the way Senators' minds operate, and this is no criticism of them necessarily. A United States Senator is the end-product of our political parties. He is one who has been “regular” with the party organization and has had, in addition, particular gifts of popular appeal which have enabled him to be a vote-getter. He is one born with, or who has acquired, the fluency that moves audiences, and he necessarily has to stay close enough to the opinion of the people who elect him to assure that he will be re-elected. Politics is his business, his hope of fame, and he develops an

almost uncanny flexibility in adjusting himself to all sorts of groups and all sorts of changes. He is moulded by his office even as he uses it to serve the social goals he admires. He is the politician par excellence and, at his best, a highly valuable asset to his country.

The very process of his activity, however creates a wariness that is suspicious of new ideas and a certain distrust of those who formulate them. The politician postpones decisions as long as possible. He does not want to act until he is sure his constituency will approve. An idea does not stand with him in its own right. It is or is not an aid to vote-getting. Consequently when a man of ideas comes to the Senators he represents a double threat; they are faced with a decision and they are confronted by having to decide on the merits of an idea rather than on the "practical" grounds of its popular appeal. The stream of their fluency is dammed, and they are frustrated. They do not understand the kind of mind that makes no concession to compromise, which is their most highly developed and most profitable skill.

Such men have a real place in politics. So has a man like Henry Wallace. But he and they start from different premises and move through different mental orbits, with the result that their minds do not meet easily. This was perfectly described by one reporter after the hearing when he summed up the reactions of the Senators in these words: "Few of the Senators on either side feel that they really know Mr. Wallace or understand what is going on in his mind . . . this feeling is so pronounced that some of them say, in private, that even if they subscribed completely to all the economic and political views of Mr. Wallace they would still balk, because of an indescribable feeling of uneasiness, at designating him as the instrument to carry out the program."

There is another side to this contrast between Wallace and the Senators that is worth mentioning. The Senators naturally represent things as they are, and things as they are rep-

resent the results of thinking and actions of the past. Most men who are in the Senate today are largely the products of political forces of a generation ago. They occupy their present positions because powerful economic and social influences in their states support them, and these influences are also rooted in the past. In general, we may also say that the most persuasive appeals made to the public are those which play upon slogans and theories to which people are accustomed, which is another of the senatorial ties with the past. A Senator is most likely to get a reputation for being a "safe" man and to maintain the heavy role expected of him if he does not depart from the training of his youth. He consistently maintains that the only "American and practical" way to run the country is to keep its institutions as nearly as possible what they always have been. Thus, it becomes one of the Senate's valuable functions to hold us steady to our traditions. The difficulty is that this deteriorates rather easily into the Senate becoming the chief guardian of national inertia.

Wallace is more interested in the future than the past. He is thoroughly versed in our history, but he sees our great men as those who faced the problems of their own day and solved them in terms of their own conditions. He finds in their examples his inspiration to apply the same kinds of courage to contemporary issues. He is not so much interested in quoting them as being like them.

As they were innovators, so is he. Accordingly, he does not fit perfectly into the tribal rituals and patterns so dear to Senators. They look upon him as dangerous in the same way that all keepers of traditions in all tribes look upon those who dare to question ancient customs. This is a consideration that cuts deep into the nature of the relationship between men and the groups to which they belong, all the way from primitive tribes to modern nations.

On the island of Gaua in the New Hebrides in former times the native peoples had their ritualistic dances, and it

is said that the old men of the tribe used to stand by with bows and arrows to shoot at every dancer who made a mistake. All societies can match this. All have their old men to visit scorn and punishment on anybody who gets out of step with what has always been.

We have had it all through our history. Roger Williams was driven into exile. Joseph Smith was killed. But we have hitherto had one way for the innovator to get away from physical punishment. He could go to a new frontier and establish his own State, as Williams went to Rhode Island and Smith's followers to Utah. We have no such outlets left, but the guardians of the past are still in league to keep men with new ideas out of power.

Jesse Jones told the Senators what they had always heard, and they were complacent with the familiar. Henry Wallace told them new things in a new way, and they reached for their bows and arrows. They decided to cripple even if they could not entirely destroy his power.

They had their innings for a while, but the later questioning went beyond partisan politics and Wallace's personal finances, uncovering the basic grounds of difference between two economic and social philosophies. It is so revealing that it may hereafter become required reading for intelligent Americans in the same class with the papers of *The Federalist*.

AND NEVER THE TWAIN SHALL MEET

The first question at this level that Senator Bailey raised was in connection with what Wallace had called "equity financing." This developed into a discussion of how a small business man could get the money to finance any unusual undertaking. Wallace took the position that there were only two places from which such money could come—Wall Street (that is, private capital purchasing stock through the channels of the Stock Exchange controlled by the big money interests), and the Government. He quoted Mr. Ferdinand

Eberstadt, formerly an investment banker and vice-president of the War Production Board, to show that the experience of small business men going to Wall Street for capital has often resulted in their having to pay high interest rates, and even to surrender domination of their own businesses. This is undesirable. As the alternative, Wallace suggested that the Government could form a financial pool, something like that behind the Federal Housing Administration, which would advance moneys for unusual risks and balance out its losses on some loans by its majority gains. The total fund would thus act as a sort of general insurance for the over-all program, the losses being absorbed in such a way as not to impair or endanger the central fund. Moreover, such an arrangement would provide an incentive to keep all the money working all the time, the justification for the fund being not the balance lying idle, but the dollars actively at work.

Senator Bailey raised two objections—that if the Government took over the common stock or any great proportion of it, it would be taking over control of the business; and that the small business man does not go to Wall Street for his money but to the local bank. This first objection showed that he had not grasped Wallace's idea, and so Wallace said that he would present full details at a later meeting of the Committee. The second objection Wallace met by reminding the Senator that increasingly rigid banking laws, enacted since 1913, make it impossible for small banks to make loans incurring unusual risks. He was proposing that the Government itself, through proper experts, use its powers to lend money in cases where it had rightly forbidden bankers to risk the savings entrusted to them.

We have to have money available for new enterprises. Where is it to come from? The ordinary bank cannot supply much of it because the Government will not let it gamble on unusual chances. Wall Street will supply it, but on its own terms, that is, to the advantage of investors who demand high returns and are on the lookout to get control of

any business that looks as though it will be profitable—which is all part of concentrating control of business in a few favored hands. The Government can supply it with no motive except to encourage new business and thus increase employment and the national wealth. Wallace's simple proposal is that, under proper safeguards, the Government shall follow this course. He suggests that money become an instrument through which the Government increases the general welfare, instead of being entirely an individual possession manipulated to pyramid private fortunes.

This section of the questioning left the Senators still thinking of the dollar as nothing but private wealth while Wallace was advocating that it become also a tool consciously used for the common wealth. This gulf was never bridged. It marks the great divide between the old orthodox static economics of the conventional schools and the new dynamic economics of experimental economists. The difference does much to explain why Wallace's thinking makes so little connection with the understanding of the Senators. They do not agree on the function of money.

Later in the hearing, the Committee tackled the question of whether the production we have attained in war-time can be carried over into peace. The language of Senator Bailey is worth noting, for it speaks exclusively of debts and taxes in and by themselves without reference to any other factors in our economy. He said:

"You made an analogy between our present condition of prosperity, based altogether on war spending and the war borrowing, and the post-war prosperity. It wouldn't be prosperous if it were based on taxation. We spent on the war last year \$90,000,000,000 and expect to spend this year about 75 or 80 billion. Now that makes a certain sort of prosperity. That is prosperity based on borrowing.

"You say we can produce the same conditions in the post-war world. How much do you contemplate we borrow or how much would you raise by taxation to do that?"

Wallace immediately put these figures into the larger inclusive framework of our total national economic picture. He pointed out that excess savings by private individuals at the end of 1944 were \$100,000,000,000. He showed further that during the years of 1921-1929, when we were reducing our national debt, our total debt, public and private increased \$50,000,000,000—5 billions a year. During the years 1929-1939, when we were supposed to be spending recklessly and were increasing our national debt, our total debt, private and public, decreased \$9,000,000,000—at the rate of a billion a year.

Here the point is that the Senators were measuring our prosperity in terms of one factor—the national debt, while Wallace was insisting that the true measure is our whole experience. The national debt—that is, the credit of our government—in their view is to be appraised by itself; we are doing well when we are paying it and not so well when we are increasing it. Wallace's view is that the credit of the government is an asset to be used for increasing the total wealth of the nation, and we measure our success, or failure by whether we are increasing or decreasing our whole indebtedness, private and public. Here again is a difference in outlook both fundamental and hard to reconcile. Wallace and the Senators did not agree on the functions of national credit.

There was another fundamental difference growing out of the same sort of diverse approaches.

Senator Bailey saw a prospective national debt of 300 billion dollars, and suggested that we should have trouble carrying it. Here, again, Wallace looked beyond the immediate and somewhat staggering figure to a wider perspective. He said: "We can carry the interest on 250 or 300 billion dollars at the low interest rate. We can carry the total interest burden of the country, both private and public, provided we do have people in full employment and do have full production." The contrast here is that the Senator saw 300 billion dollars

as a figure standing alone and was naturally troubled by its size. Wallace was not less aware of its magnitude, but he pointed out that any figure is greater or less according to its background. If we ever go back to a national income of 85 billion dollars, a national debt of 300 billion would be $3\frac{1}{2}$ times our income, but if we maintain a national income of 200 billion it would be only $1\frac{1}{2}$ times our income. Therefore, a big national debt should not scare us into inaction but should rather serve as a stimulus to keeping our national income at a high level.

Senator Bailey, however, could not so easily exorcise the specter of the national debt, and later he returned to it, asking how Wallace anticipated reducing it. Wallace answered: "If we can have full employment and a total product of goods and services in excess of 170 billion dollars, the national debt will fare better than it will under any plan which will result in reduced employment, or a total product of goods and services of less than 170 billion dollars." He brought the discussion back to its social meaning by emphasizing that when the manufacture of munitions is out of the way it will be necessary to find other places for the activity of our men, machines, material and technologies, and that this was the object of the proposals presented by him.

The whole period of examination revealed a clash of two philosophies of government and economics. Faced with the complexities and interrelations of our modern industrial society, and with the extra hazards of widespread unemployment and general depression that it presents, Wallace believes that the government of a people can become a social instrument using its credit and its powers of regulation to balance economic factors and forestall crises. Government in the past has been a sort of umpire among conflicting interests in all countries. He proposes that it shall leave this aloof role and actively participate when the need arises.

Based on this approach, he accepts the President's Economic Bill of Rights as stating the goals that government

should set itself. In his thinking, it should intervene in affairs when any of these goals are threatened. In this sense, the State ceases to be merely an association of citizens for primary political ends, it expands its functions to become a dynamic instrument of social welfare. It becomes a mutual association for assuring security, opportunity, health, education and a rising standard of living for all.

In the process it uses money and credit, measuring its success in doing so not by the old standards of private wealth, but by the new standards of public welfare. It does not leave money as an absolute, counting cold dollars alone as desirable in themselves. It measures them against the total background of the nation's whole experience, and demands that they be held to account for the purposes they are serving. Wallace looks upon money as a means to the end of general welfare, not as an end in itself.

In the light of this, private wealth is examined for its social usefulness. Every encouragement is given to private enterprise up to the point where it becomes a threat against somebody else's enterprise—a use of financial and economic power in restraint of trade, what we ordinarily call monopolies or cartels. When this threatens, the government should step in to prevent it, and thus protect free enterprise. On the other side, it protects workers by insisting that industry shall provide adequate wages and satisfactory working conditions to its employees.

This, in brief, is Wallace's concept of the future democratic state. Those who speak only for the past and for privilege will call its goals visionary and its methods arbitrary. But it is the foreshadowing of the government of the future in which political democracy will be reinforced by economic democracy to carry the social organization of free men forward to its next stage.

This Senate hearing was a historic occasion, for there the past and the future met, as Henry Wallace outlined the prin-

ciples on which we shall move toward a stable and secure post-war America.

THE LAST ROUND WITH JESSE JONES

Following the hearings at which Jones and Wallace appeared, the Senate Commerce Committee took two actions. They voted approval of a bill submitted by Senator George of Georgia to separate the Reconstruction Finance Corporation and other lending agencies from the Department of Commerce. Then they voted to recommend that the nomination of Wallace be laid on the table until March 1. This date was selected because it would give the George Bill time to pass both Houses, and also because the President had left the country for the Yalta Conference and was expected back about this time, so that he could sign the bill, thus making it law.

After a sharp debate in the Senate, during which Senator Barkley read a message from Roosevelt, delivered through Judge Rosenman, saying that the President would sign the George Bill if it were passed, the George Bill was approved and the vote on the nomination was postponed.

The House of Representatives had a stormy time over the George Bill, and all sorts of amendments were threatened. Things looked so bad for a time that the Senators became angry and even Senator George threatened to vote for confirming Wallace, lending agencies and all, if the House refused action. The furor died down, however, and the House passed the bill as it came from the Senate.

Upon his return from Yalta, the President signed the bill. Senator Taft took two hours to explain to the Upper Chamber why Wallace was unfit to be Secretary of Commerce under any conditions, but when March 1 rolled around, the Senate confirmed the nomination by a vote of 56 to 32, generally following party lines.

In a gay and informal ceremony in the Commerce Department Building, Justice Black swore Wallace into office in

CHAPTER V

The Nation's Farmer

A JOB FOR THE SECRETARY OF AGRICULTURE

IT is now twelve years since Henry Wallace became Secretary of Agriculture. And what a task he faced when he took office!

Nineteen-twenty had been the last good year the farmers had seen. Between that year and 1933 they had gone through twelve long years of consistently worsening conditions. Between 1930 and 1933 one farm in every four in the country had been sold for debt or taxes. Between 1920 and 1929 gross farm income had fallen from seventeen to twelve billion dollars annually; from 1929 to 1933 it fell to five billion—less than a third of 1920, less than a half of 1929. It was a billion dollars less than it had been in 1914, the year before the first war.

Forced farm sales became so common that countryside organized resistance against them, and something like guerilla warfare broke out in certain sections. I remember going into a country store in a rural area which had been broken into and emptied a few days before by tenant farmers and day farmhands who had no money but decided to take what they needed. Auction sales were common sights along the highways, and many of them were guarded by organized groups of farmers who threatened with violence anybody who dared to bid on the goods. Rural America in 1932-1933 was bankrupt, hopeless and desperate enough to take the law into its own hands.

Wallace called a meeting of leaders of agricultural organizations in Washington on March 10, less than a week after he took office. They came with all sorts of proposals.

Some wanted to dump surpluses abroad, some called for

government guarantees of cost of production, some advocated export debentures, and some suggested a domestic allotment plan. Wallace told them that he would lock himself up with them until they could all arrive at some agreement about a Farm Act.

They eventually agreed on the need for an over-all Act which would authorize all the proposed cures, leaving to the new Secretary of Agriculture almost unlimited powers of discrimination in applying them. Drafting the Act took time. Meanwhile the country had three times its normal carryover of wheat and three times its normal carryover of cotton. Hog prices were down to one-third of normal. Domestic purchasing power was at the low level of the depression. The foreign market had all but disappeared. Farmers were impoverished by surpluses of farm products.

The Agricultural Adjustment Act was passed on May 12, 1933. Wallace described what he intended to do as follows: "Our first effort will be to adjust production downward, with safe margins to provide enough food for all. This effort will continue until such time as diminishing stocks raise prices to a point where the farmer's buying power will be as high as it was in the pre-war years, 1909-1914. The reason we chose that period is because the prices farmers got for their crops in those years and the prices they paid for manufactured goods and urban services most nearly approached an equitable relationship. There was thus a balance between our major producing groups. At that time there was not the terrific disparity between rural and urban purchasing power which now exists and which is choking the life out of all forms of American business."

He emphasized that the unwelcome reduction of agricultural output was not to be permanent, but was a necessary first step toward regaining our equilibrium from which we could move forward to an economy of full production again.

When the plan began to work and farmers received checks to cover the adjustment of their crops, their first reaction was

to send delegation after delegation to Washington to ask the Government to take over full control for always. Cotton representatives asked for compulsory sign-ups of all planters. Five Governors of Northwestern States called on Wallace to demand "cost of production" guarantees, with arbitrary mandates from Washington to back them up.

This tremendous pressure for full government control is worth remembering in the light of recent charges that it is the present administration that has favored arbitrary action by the Federal Government. As a matter of fact, Wallace resisted these appeals, and kept the allotment system on a voluntary basis. In the case of one product, wheat, more than a million farmers signed up, representing seventy-seven percent of the wheat acreage, and they agreed to reduce their fall planting by fifteen percent. Wallace got these results by going to the farmers and explaining to them the meaning and operation of the program.

A sound and central characteristic of this effort was that he organized the plans in terms of local committees, putting the responsibilities on local groups in the light of their local conditions. He worked through decentralizing administration and channeling authority through state, county and local boards.

He not only refused to bow to the demands for compulsory controls, but he went to the farmers to tell them why. In the fall of 1933, he visited his home town of Des Moines to tell his neighbors about the visit of the five Northwestern Governors. These men, he reported, had asked for price-fixing; and he had replied to them that they could not have it without ironclad production control. The Governors had agreed, and countered with a proposal for "a system of compulsory marketing control, giving monthly marketing quotas to every farmer in the United States together with a system of licensing every plowed field in the country."

"One reason I have come out to Iowa at this time," said Wallace, "is to discover whether or not the farmers of the

Corn Belt are ready for the imposition of compulsory control both of production and marketing." He pointed out to them that such control would mean new legislation. "It would be necessary, apparently, to declare agriculture a public utility, and then to begin the truly staggering task of deciding which farmer should have certificates of public convenience and necessity, of telling American farmers whether or not they would be permitted to farm at all, what crops they might grow, how much they might plant; and how, when or where they might market them."

It was characteristic of him to take the case to the people, and this is all the more noteworthy when we recall that he was speaking at the center of agricultural unrest. A judge had been hauled off his bench and confronted with a rope. A lawyer from an insurance firm which was about to foreclose a mortgage on an Iowa farm was tarred and feathered. Harassed debtors were determined to hang on to their homes either with the law or in spite of it.

As 1933 passed into 1934, his educational program and nation-wide organization began to show results, and it looked as though there was a good chance for a calculated harvest in 1934. Then came the drought—the most severe in this country in living memory. Wallace, a profound student of weather statistics, said: "Never before in this country has there been anything like it." Dust from the Far West covered the cities of the Eastern Seaboard and even fell upon ships a hundred miles offshore. This drought devoured all the surpluses. It did in one summer what the AAA had planned to do over a period of three years. Wallace had to revise his whole farm program.

PEOPLE ARE MORE IMPORTANT THAN PIGS

Before we pass on to discuss his administration of the Department of Agriculture in more detail, this is as good a time as any to take a look at the one recurring criticism of him that has been made, namely, that in his first year he inaugu-

rated an economy of scarcity—usually summed up by reference to the six million little pigs that were killed in 1933. What are the facts?

For eighteen months prior to August 1933, farmers had been selling hogs for an average of \$3.42 a hundredweight—a ruinous price which brought far more hardship to the farmers than consumers have ever suffered from higher prices for pork since. There was every reason to expect that prices would continue low because of an increase in the spring pig crop, and because the foreign market, into which twelve million hogs had once gone, had largely disappeared due to tariffs and quotas.

So six million little pigs were killed in September 1933. They produced a hundred million pounds of pork which was distributed for relief and fed people who were hungry. If those pigs had grown up they would have brought about \$2.50 a hundredweight. As it was, the people of the United States did not lack one pound of pork, but the farmers received \$3.60, which made it possible for them to buy city products and so put city people to work. In addition, the killing of these pigs saved seventy-five million bushels of corn which they would have eaten—a saving which came in handy when the 1934 corn crop fell off a billion bushels because of the drought.

The slaughter of the little pigs benefited the farmers and the consumers. Surely it is well to be as realistic about people as we are sentimental about little pigs.

Wallace has written this about pigs and pig-iron: "The pig-iron reduction control of the big steel companies in 1933 was in principle one thousand times as damnable as the pig-reduction campaign of 1933. Pig-iron production in 1932 was about twenty percent of that in 1929. Pig production in 1933 in pounds was ninety-seven percent of that in 1929. In 1934 pig-iron production was forty-five percent of that of 1929. Pig production in 1934, the drought year, was eighty percent of that of 1929. In other words, farmers cut pig pro-

duction three percent when steel companies cut pig-iron production eighty percent. That sort of industrial reduction program plowed millions of workers out into the streets. It is because of that industrial reduction program that we have to spend billions for relief to keep the plowed-out workers from starvation. I hope industry in future reduction programs will not find it desirable to plow millions of workers out of their jobs. People are more important than pigs."

One other fact should be noted about this period. The Department of Agriculture did not order the destruction of any food. It was in 1932, before Wallace and the AAA, that some farmers found it more profitable to burn their corn for fuel than to sell it at ten cents a bushel (\$3.33 a ton) and buy coal. What Wallace did was to stop the destruction of foodstuffs by making it worth while for the farmers to sell them rather than to destroy them.

The greatest agricultural depression and the greatest drought on record were the setting of his first term as Secretary of Agriculture, and they forced him to grapple with crisis upon crisis. He himself was obviously not happy about the necessity for advocating even a temporary scarcity. He was happy to turn from it to stimulating abundance under the first AAA, which he later described as being as "crude as Henry Ford's first flivver," until it was declared unconstitutional by the Supreme Court in January 1936.

AAA—KILLED AND REBORN

Under the AAA, Wallace organized the Agricultural Adjustment Administration, to work at the job of restoring the purchasing power of American farmers to the level of the five years preceding World War I, when, through some trick of fate that has never repeated itself, a dollar's worth of wheat or corn or cotton bought a dollar's worth of manufactured commodities. Specialists in production control and marketing administered the program, but the key to its successful operation was that the nation-wide program was

organized by counties, so that every farmer had it explained to him, and local representatives dealt with local people. Wallace came nearer to reconciling Federal authority with local autonomy through this scheme of organization than any other administrator faced with a similar program.

As it worked out, the program was actually the farmers' program, discussed and modified in county and local meetings, and administered by county agents who knew every farmer and farm, and were on call for advice or explanation on a neighborly basis.

When the Supreme Court declared the first AAA unconstitutional, a second one was passed, taking into account both the considerations raised by the court and the experience under the old act. But the basic machinery of administration remained. It has proved as efficient in helping farmers to meet expanded requirements of the war, with special emphasis on urgently needed products, as it was during the peace years when it prevented overproduction, and limited acreage and marketing quotas.

The program is cooperative, decentralized, and completely democratic in administration. The key to it is the County Agricultural Conservation Association. There are three thousand of these presently operating. Cooperating farmers, of whom there were 6½ millions in 1943, meet annually to elect their own county and community committeemen who administer the program locally. Three to five farmers, living within a State, are appointed by the Secretary of Agriculture as AAA State Committees. The State Committees appoint selected farmers as field men to act as liaisons between them and the county committees. The States are organized into five regions, the directors of which, along with the national head of the AAA, operate out of Washington.

The one great benefit of the drought of 1934 was that it aroused the country to the need for soil conservation. The AAA has pushed this equally with crop and market control, and a whole new epoch of retiring worn-out land, rotating

crops to preserve the soil, and taking steady and continuous action against soil erosion has opened in the past ten years. The permanent gain to the United States from this conservation of our basic asset of soil will run into billions of dollars. This one item alone, if it could be calculated accurately, would outweigh the entire Reconstruction Finance Corporation expenditures to date. Soil is big business at least equal to dollars.

One concrete set of figures that indicate the value of the AAA are those on farm prices and purchasing power. In the period of 1914 to 1919, which includes the First World War, farm indebtedness rose 60 percent; between 1939 and 1942, it rose 1 percent. Cash income was 10 percent greater in 1942 than in 1919, the farmer's best year in World War I. Bringing these figures down to their dollar-for-dollar purchasing power, the farmer's cash income in 1942 was 30 percent greater than in 1919, and his net income was 43 percent greater.

The two Agricultural Adjustment Acts, framed by Wallace and administered under the organization he set up, have lifted the farmers of this country out of the tragic and violent conditions of their lives in 1932 to their present comparative prosperity, which can be organized and perpetuated by their direct voices. The whole achievement represents a triumph of social and civic education, voluntary cooperation, and expert administration. Our whole national economy has been given a new lease of health and nourished at the grass-roots.

FARMING IS BIG BUSINESS

A second agency of the Department of Agriculture administered under the direction of Wallace, and which has paid national dividends, is the Farm Security Administration. It was created on September 1, 1937 to make loans and offer guidance in farm and home management to low-

income farmers, and generally to improve their living conditions.

From 1935 through June 1944, the FSA and its predecessor, the Resettlement Administration, made loans to a million low-income farm families totaling more than \$843,000,000. Five hundred and forty-three million dollars were due the fund treasury on June 30, 1944. Of this amount, more than \$484,000,000 had been paid in, or slightly more than 89 percent of the amount due. Meanwhile, the fund treasury had received interest payments of more than \$67,000,000.

Since 1937, the FSA has made loans to 36,426 farm tenants, share-croppers and farm workers, enabling them to buy farms and homes of their own. As of June 30, 1944, more than \$200,000,000 had been lent at 3% interest to run for forty years. Defaults on the amount due on this date were only 2.9 percent, while more than \$11,000,000 had been paid in extra payments, pre-payments on installments not yet due, and other remittances.

These loans are quite complicated because they are geared for the accidents of agriculture. Repayments are scaled to harvests. Borrowers are billed for larger repayments in good years, for smaller in adverse years. If any banker thinks Wallace does not understand the risks and hazards of credits, he might take a look at the balancing of these loans against the statistics of weather, crop expectations, and market fluctuations.

One cannot imagine any program more genuinely American than the FSA. It has enabled people to buy their own homes, own their own farms, and work for themselves. Yet it has operated at an immediate profit. Psychologically and financially, it was soundly conceived and has been efficiently administered.

Another agency of the Department of Agriculture which has helped stabilize our farming operations is the Federal Crop Insurance Corporation which was started in February

1938 to insure wheat and cotton. From 1939 through 1943 a million and a half farmers availed themselves of this insurance, and, while the 78th Congress temporarily suspended it because of its cost to the government, the popular demand for its revival forced action by the House last November to renew it. The Senate amended the House bill and sent it back for conference. The Senate amendments are noteworthy. One added incentive payments to encourage the production of flax, a soil conserving crop. The other proposed eventual inclusion of "trial" insurance to cover corn, tobacco, sugar cane, oats, barley, rice and potatoes. In other words, Congressional re-examination of this agency which Wallace inaugurated actually brought a decision to add to its powers rather than to reduce them.

Still another agency fathered by Wallace was the Farm Credit Administration which was created by executive order in May 1933 to provide a complete co-ordinated credit system for agriculture through mortgages and production and co-operative marketing loans. It divides the country into 12 Federal land-bank districts. In each district it sets up a Federal land-bank, a Federal intermediate credit bank, a production credit corporation, and a bank for co-operatives. All four are located in the same city and have the same directors, each one having its own set of officers. This again illustrates the decentralization which Wallace has used so effectively as an administrative method.

This agency is especially instructive now for it deliberately handled loans that were too risky for the regular banks. Its record fully justifies the risks taken. And the resulting security of the farmers whom it tided over their toughest years is evidenced by the fact that they have met their payments and are now among the members of our national agricultural community which holds assets in cash, bank deposits and government bonds of more than ten billion dollars.

To meet urgent needs during the depression, Wallace

set up the Federal Surplus Commodities Corporation to buy surplus foods from the farmers and pass them out through food depots to the needy. At first the scheme worked unevenly. The needy claimed that one week they got all potatoes, another week all oranges, and so forth. Storekeepers complained about the competition. The outcome was the development of the food stamp plan, designed to distribute surplus foods through regular business channels. The needy received stamps instead of direct allotments. They were given 50 cents in blue stamps with every purchase of \$1 worth of orange stamps. The blue stamps bought any item on the grocer's shelves; the orange stamps bought the surplus commodities carried by the grocer. The two kinds of stamps meant a balanced diet.

The plan went into operation in Rochester, N. Y., in May 1939. It was denounced as a "New Deal" stunt, but three days after it was inaugurated it was going full swing. It was extended to other cities, and later also included the purchase of cotton goods. By December 1940 it was being used in 60 cities, and the Senate gave unanimous approval to an appropriation for it of \$85,000,000, which was \$5,000,000 above the request of the Department of Agriculture. This plan stimulated farm production, fed the ill-nourished one-third of the nation, and helped to stabilize food prices. It performed an efficient service in a national emergency.

In October 1933, the Commodity Credit Corporation was organized with a capital of \$3,000,000, and authorized to buy, hold, sell, and lend upon, commodities authorized by the President. It could issue a total of bonds, notes, and other obligations not to exceed three billion dollars at any one time. Wallace was one of the incorporators and responsible for its administration. As of June 30, 1944, the total commodity loans outstanding were \$436,000,000 while the book value of commodities owned by the corporation was \$868,000,000. Early this year—1945—Congress put its

stamp of approval on this enterprise by approving a five-billion-dollar limit in place of the previous limit of three billions, and further voted to extend the corporation's life into June 1947.

As an example of what this Corporation means to the nation, we can cite that the dairy subsidy is above \$500,000,000 a year, but without it the retail price of milk would rise two cents a quart.

The soundness of Wallace's long-term program for farm production and soil conservation is attested by the fact that the three major agricultural associations—the Farmers Union, the American Farm Bureau Federation, and the National Grange—now support it. They differ in outlook on social questions generally, but they all ask continuance of marketing agreements and soil conservation payments, support of price loans, modernization of the parity formula, gradual withdrawal of domestic subsidies, adjustment of ceilings to provide fair prices in markets, and the appropriation of funds to promote the disposal of surpluses in foreign markets. Among the leaders of these organizations are some who bitterly opposed Wallace in the early days. He won them by his demonstration that his theories work.

Summarizing this side of Wallace's record, we find that between 1933 and 1940, when he left the Department of Agriculture, he lent six billion dollars to two million farmers. In these years, more than a billion and a half of these loans were repaid, and, while there was a small percentage of default, there was no actual loss because the interest collected more than offset the capital losses. Besides, this, when he left the Department of Agriculture, we had stored away an extra 500 million bushels of corn and 130 million bushels of wheat—four times our normal carry-over. These are the extras that have kept fat on our bones and fed our Allies since Pearl Harbor. What is more, his organization of the country by counties has been of immeasurable help in mobilizing the war effort.

Those who speak of Wallace as lacking administrative ability merely expose their own ignorance of the record. His administration of the Department of Agriculture for eight years stamped him the greatest Secretary of Agriculture in our history. His handling of government credit will stand comparison with that of any official, past or present. He is a man who has proved that he can translate ideas into effective and efficient organization.

HENRY WALLACE'S FARM PROGRAM

Wallace has already shared his thinking with the country, and, in an article in the *Atlantic Monthly* in 1937, he set forth his platform for agriculture, grouping his objectives under five heads.

1. *"Soil Conservation."*

He wrote that this could be achieved by rotating the planting of crops like corn and cotton which are planted in rows and thus provoke erosion, with other crops that would check it; by limiting grazing and ploughing of the land; and by cultivation of crops that could hold against wind erosion.

The year before he wrote this article, the AAA program for soil conservation had spent \$400,000,000 and had enlisted 68% of the crop land of the United States. It has steadily expanded. In 1943, 6,500,000 farmers, working 88% of the nation's crop lands, participated in the AAA conservation program.

2. *"More uniform supplies and prices of farm products from year to year to take care of variability in the weather."*

This is the so-called "parity" formula. It is worked out by bounties to the farmer intended to bring his purchasing power on the same level as that of non-farmers. It works

by the standard of 1909-1914, when a dollar's worth of wheat would buy a dollar's worth of machinery, implements, or kitchen utensils.

This goal has never actually been achieved, for prices of manufactured articles have remained fairly steady while the vicissitudes of drought and weather have affected crops, but farm prices rose steadily from 1933 to 1937, and have been held at a consistent level ever since. Wallace was never able to achieve full "parity," but he did achieve a remarkable stability of income in a notoriously fluctuating field.

3. *"Greater stability of tenure, so that the same farm families can live in the same community year after year and thus build up better churches, better schools, and better co-operatives."*

Land suffers when owners and tenants move around, because there is no consistent rotation of crops, but a steady deterioration of the soil by either neglect or exhaustion of it. The structure of community life naturally disintegrates when there is no continuity of settlement; community institutions become hardly more than improvisations with nobody taking a permanent pride in them.

Caroline Henderson, writing from her farm home in Eva, Oklahoma, in 1937, for instance, regretted the scarcity of people left to do the work of erosion control in her region. She described a drive to her county seat thirty miles away, and noted that, with a clear view of half-a-mile on either side of the road, she had counted only sixteen houses still occupied. The people who had left the empty houses were not migrant workers, but farmers who belonged to families which had owned and worked the farms, some of them for three generations.

Such conditions are not good for the families, for the children on the move, for the farms going to waste, for the deserted communities, or for the United States as a whole. We have already shown how Wallace's program enabled

tens of thousands of farmers to purchase their own farms, and thus helped to stabilize rural community life.

4. *"Sufficient stability of income to farmers so that they can buy from the cities their fair share of the good things of life, but without the development of a speculative land boom."*

Wallace had suggested the "ever-normal granary" in 1934 after the drought and its depletion of our surpluses. Along with it, he proposed to cause a corresponding rise in prices. The plan was designed to benefit both farmers and consumers by stabilizing supplies and prices. Grain speculators argued that the plan was impractical. Processors and distributors of farm products, on the other hand, being mindful of the inventory losses which had resulted in the past from sudden rises in farm product prices got behind the idea. Consumers' organizations supported it for obvious reasons.

The plan has worked well consistently. Part of its operation was the program of the Surplus Commodities Corporation which distributed millions of pounds of products, worth over \$200,000,000 to city and community relief agencies in 1934-1937. These surplus products, in an unregulated market, would have driven farm prices down to impoverishing levels, and so would have contributed to starting another depression spiral.

Wallace wrote: "Government has responsibility for farm income because of the way in which tariff policies, monetary policies, and international policies affect the market for our exportable crops." The echo of his youthful experiences in Iowa and of his grandfather's teaching is in such words. He maintained that the government should compensate farmers by subsidy and other means when governmental policies impaired the farm price structure.

5. *"Better diets and better training for children, recognizing that one-half of the farm children move*

to town and that 100 years hence two-thirds of the people in the United States will be descended from those who today are living on farms."

The Department of Agriculture had confirmed what general observation would presume, that the largest farm families, particularly those in the Southeastern States, had the poorest diet and the fewest opportunities for school training. Children were not getting enough milk, oranges, tomatoes and vegetables. They seldom attended school for the full term. Teachers were getting as little as \$40 to \$50 a month, which meant that they were young and inexperienced, as well as inadequately trained. In some rural areas the cost of schooling per capita was one-quarter of that in cities and more prosperous regions. This meant that the farm children who stayed in the country lacked anything like adequate training for efficient farming, and the one-half that went to the city were unprepared for urban living.

We are still a long way from realizing the goal which Wallace set forth eight years ago regarding our children in farming communities.

In an earlier article which he had published in *Scribner's Magazine* in December 1934, he had stressed another side of his philosophy under the title, "We Are More Than Economic Men."

He described the AAA as one attempt to extend political self-government to the economic as well as the political arena, but he warned that government action was only one side of the undertaking. He declared that merely passing laws will not automatically produce economic prosperity. Human beings must build and operate the social machinery, and it will not produce maximum results unless they are men of experience and good-will.

"The intelligence of the economic and social engineer is certainly one prerequisite, and the motive power of human

hearts honestly in search of social justice is another. We need both, perhaps in equal proportions."

He expressed particular satisfaction that the democratic methods of the county production associations of the AAA called forth local responsibility and developed local leadership. This seemed to him "The germ of economic democracy sprouting." He looked forward to the time when a similar practice of democracy in the give-and-take between industry and agriculture would stabilize prices and production, and help create an economic system and a government more just and more secure than any the modern world has ever known."

His advocacy of the use of governmental power to regulate the conditions of work and life always looks forward to releasing the energy and talents of individuals. His aim has been to subtract fear from experience and add dignity to it. The linking in his mind of government as means, with human beings as ends, can be illustrated by a quotation which, if fully understood, sums up his outlook:

"Somehow I can't help thinking that the self-subsistence homesteads, if experimented with sufficiently by men of scientific, artistic and religious understandings, will eventually lead us a long way toward a new and finer world. The future seems more and more to favor decentralization."

CHAPTER VI

Uncommon Ideas

THE AMERICA WE HAVE

NO person is equally interested in everything. Each of us has his own individual approach to experience. The universe reports to every man at a private door, using a special set of passwords for each of us. Edison discovered himself and the world in a laboratory where he concentrated at any given time on finding the solution of one particular problem which he had set himself. Hill found his stimulus and self-expression in the vast enterprise of building, financing and managing a transcontinental railroad. Pere Marquette fulfilled his sense of his own mission through service to the Indians and the adventure of exploration. Poe knew himself best when he was surrounded by the shadows and half-lights of the macabre. Each man's outlook was wider than his one characteristic activity, but this was his starting-point, his key to all the rest.

Each of us has certain ideas which bring us to life. They are like electric light sockets. When they are touched, we light up. They are our vital connections with the stream of power. Get any person on his "favorite subject" and he will talk for as long as he is not interrupted. Perhaps the most revealing knowledge about any individual is what makes him "click."

Basically, there are two ideas that make Henry Wallace click.

The greatest fact of the twentieth century to him is that science and technology have made it possible, for the first time in the history of the world, to banish want, ignorance and squalor—to give everybody everywhere in the world food, clothing and shelter, an opportunity for education, and a little leisure to enjoy their own pleasures.

The second fact is that this same technology has made all individuals and all nations so interrelated that they are interdependent, so that the best way we can get the most out of what we have is to work together for the maximum benefit to all.

These have been the central themes of all he has said since 1933. In that year he wrote:

"In brief, then, we wish a wider and better controlled use of engineering and science to the end that man may have a much higher percentage of his energy left over to enjoy the things which are non-material and non-economic, and I would include in this not only music, painting, literature and sport for sport's sake, but I would particularly include the idle curiosity of the scientist himself. Even the most enthusiastic engineers and scientists should be heartily desirous of bending their talents to serve these higher human ends. If the social will does not recognize these ends, at this particular stage of history, there is grave danger that Spengler may be proved right after all, and a thousand years hence a new civilization will be budding forth after this one has long lain fallow in a relative Middle Ages."

In 1942, he declared:

"The United Nations, like the United States 155 years ago, are groping for a formula which will give the greatest possible liberty without producing anarchy and at the same time will not give so many rights to each member nation as to jeopardize the security of all. . . . The aim would be to preserve the liberty, equality, security and unity of the United Nations—liberty in a political sense, equality of opportunity in international trade, security against war and business depression due to international causes, and unity of purpose in promoting the general welfare of the world. . . . Our surplus will be far greater than ever within a few years after this war comes to an end. We can be decently human and really hard-headed if we exchange our post-war surplus for goods, for peace, and for improving the standard

of living of so-called backward peoples. . . . Self-interest alone should be sufficient to make the United States deeply concerned with the contentment and well-being of the other peoples of the world."

In that same speech he pointed out that "the first concern of each nation must be the well-being of its own people," and that this implies for the United States the necessity of making sure that another period of unemployment does not come in.

He realizes, with twelve years of official life in Washington behind him, that the battle-ground on which the struggle for putting these ideas into practice will be fought is the Congress. Congressmen and Senators are neither saints nor devils. They are human beings motivated by the same desire for a steady job assuring their bread and butter as the rest of us. They are going to stay in the Congress if they can. Therefore, their first consideration is to play ball with those forces in their constituencies that will re-elect them. As long as the mass of the people are indifferent to politics, members of the Congress will yield to whatever special interests finance and manage campaigns. When the people organize and become articulate, their representatives will heed them. Wallace, therefore, sees the first need as the arousing of the people to interest and action so that the power of special interests over the Congress will be broken. Every national aspiration can be strangled by an unenlightened Congress. The road to an economy of abundance and world organization begins at the ballot-box, and is kept open by continued public alertness.

In 1944, Wallace wrote:

"Big business must not have such control of Congress and the executive branch of government as to make it easy for them to write the rules of the post-war game in a way which will shut out the men who have made such a magnificent contribution to the productive power of America during the

war. We need them to furnish the jobs which are so important both to labor and agriculture.

"The big three—Big Business, Big Labor and Big Agriculture—if they struggle to grab federal power for monopolistic purposes, are certain to come into serious conflict unless they recognize the superior claims of the general welfare of the common man. Such recognition of the general welfare must be genuine, must be more than polite mouth-ing of high-sounding phrases. Each has unprecedented power at the present time. Each is faced with serious post-war worries. Each will be tempted to try to profit at the expense of the other two when the post-war boom breaks. Each can save itself only if it learns to work with the other two and with government in terms of the general welfare. To work together without slipping into an American fascism will be the central problem of post-war democracy."

Politics, with Wallace, is an instrument for enabling the pursuit of happiness. Government is a means. Human beings are the ends.

He seeks a practical political program through which our potential abundance can be realized and our interdependence, national and international, can be organized to the mutual advantage of all of us. He tells us what our assets are, and asks us to take counsel with him on how they can be utilized to improve our conditions of life. Men without social vision will see these assets as opportunities for their own personal gain at the expense of others. Wallace sees them as opportunities for ensuring our personal interests through underwriting the interests of all.

He lists the assets with which we shall come out of the war as follows:

Manpower by the millions: skilled workers from war industries, military manpower and young people coming of working age.

The largest industrial plant capacity in the world.

The greatest resources, both natural and artificial, to make

peacetime products—and thousands of new inventions waiting to be converted to peacetime use.

The largest scientific farm plant in the world.

The biggest backlog of requirements for housing, transportation, communications and living comforts.

The greatest reserve of accumulated savings by individuals that any nation has ever known.

What are we going to do with these assets? Wallace divides that question into three others: What do we want? What can we have? How can we get it?

WHAT DO WE WANT?

Our workers—more than fifty million of them—want one thing more than anything else, the assurance of a steady job. "They would like the assurance of an annual salary, or, at any rate, the guarantee of two thousand hours of work a year." We do not understand Wallace if we think of him as advocating a sort of permanent national dole. He has never advocated giving people money for nothing. He sees human welfare bound up in the opportunity to work.

He is a tremendously hard worker himself. He finds in work a release for his great physical energy, a satisfaction of his sense of duty, a sense of accomplishment, and a release of his creative faculties. In the midst of his heavy public duties in Washington, he has put out a steady stream of speeches and books and, at the same time, has always had his vegetable garden which he has planted and tended himself. He keeps stuff growing under cold frames all winter and is out at the first sign of spring to plant new seeds. On a recent Monday, he put in two sixty-yard rows of peas and several shorter rows of other vegetables before he reported to his office in the middle of the morning. I get a mild sort of ironical amusement out of hearing the pampered darlings of New York drawing-rooms inveigh against this man on the ground that he is breaking down the noble ideal of personal industry. He does more sheer physical labor in a week

than they could contemplate in a year and, in addition, carries a program of study and writing that would match a college professor's, besides taking care of the administrative duties of a major government department. One orchidaceous New York couple who "simply loathe" this "impractical dreamer destroying the American ideal of work" recently took train to Florida "just to lie in the sun for a month" because "the winter has really been too much" for them.

Wallace exalts work. He thinks a man who is working is a contented man. He believes that work creates wealth, and that if everybody is kept working at constructive jobs we can produce almost unlimited wealth that will banish poverty, ignorance and squalor. He knows people well enough to know that they are not congenital loafers looking for a hand-out, but are self-respecting beings seeking a chance to make a just dollar under fair conditions by the work of their hands and brains. He envisions no pensioned America, but Americans at work. The first thing the worker wants is a steady job.

With work assured, labor wants a chance to contribute to the improvement of both products and conditions of work. "Organized labor has come of age. . . . As a responsible partner, labor wants an opportunity to make creative contributions to industry and to benefit therefrom. During the war, hundreds of thousands of workers have submitted ideas for increasing efficiency, enlarging output, saving time and costs, and improving the quality of the product." This is a contemporary manifestation of our boasted American ingenuity, free men finding better ways to do their jobs and working together to share their efforts. It is a constant source of increased national wealth. The worker wants the pride that comes from improving his output.

The farmer, says Wallace, has more wants than the worker because he is not only a worker, "but also a manager, a capitalist, trader and a debtor." His first desire is "to remove the extraordinary hazards of his business." He wants rates,

reasonable marketing costs, and a chance to buy farm machinery and fertilizer at low prices. "Farmers love the soil and want to be able to handle it so as to leave it to their children better than they found it. Above all, farmers want to produce abundantly, to see the fruits of their labor raise the living standards of mankind."

The wisest farm leaders realize that farm prices can be maintained at a high level only if labor is fully employed at high wages, just as wiser labor leaders realize that full employment cannot be maintained without the farmers being prosperous. And the broad-gauged among the business men know that they cannot expand production unless both labor and farmers are able to purchase goods.

There are freebooters in business who have no thought except to manipulate law and economics to create monopolies and special privileges for themselves, but, while they are powerful, they are in the minority. The average business man—the little business man—wants to compete in a free market without fear of monopoly.

The wants of the returning service men mean more to us right now than the wants of anybody else, and Wallace states these succinctly: "They will want the same things as workers and farmers but they will want more."

As a matter of fact, we may divide ourselves up into all sorts of groups calling ourselves by different names, but all of us, with the exception of the powerful few whose group interests run counter to the general interest, want the same things, says Wallace—"full employment of labor, capital and technologies; a balanced development of all regions; the preservation of genuine free enterprise and competition to assure progress toward a rising standard of living; the avoidance of business ups and downs; and no exploitation of labor, capital or agriculture." We all want jobs, health, security, freedom, business opportunity, a chance for an education for our children, and lasting peace.

Hitler has said that the idea of "happiness" is one of the

great illusions of the democratic philosophy, and it has been a factor in the degeneracy of free peoples. Wallace, on the other hand, believes that "the pursuit of happiness" is one of the stimulating goals of good living, and that a free people genuinely devoted to it can create conditions of expanding opportunity—personal and social—for steady improvement of the quality of human experience.

This is what we want.

WHAT CAN WE HAVE?

We can have good and plentiful food. This means health. "The people of the United States would be at least thirty percent more efficient if they were in maximum good health." Translating this into more specific figures, Wallace estimates that at a cost of two dollars per year per person, we could wipe out all vitamin deficiency diseases, extend the working life of the average individual ten years, and increase the vigor of at least half of our population. —————

We can have adequate hospitals, so that every individual can have an annual physical checkup and hospital care if a competent physician thinks it necessary. Hospitals plus a sound public health program would make it possible to stamp out tuberculosis, syphilis and possibly malaria.

We can have good housing. Wallace set the goal at a million new houses a year in the postwar period. Nobody can accuse him of being extravagant in this estimate. Other competent authorities would set the figure much higher. He sees not only new structures, but new designs with functional efficiency enabling the housewife to do her cooking, cleaning and marketing with one-third of the labor which she now expends.

We can have rural electrification. Except for the few districts where settlement is so sparse that distance between houses is too great, we can furnish electricity to every house in the United States. "Electricity widely spread, combined with good roads, cheap automobiles and special types of ma-

chines for small farms, will result in the next ten or twenty years in millions of families relocating on small acreages within driving distances of the factory or business where the man of the house works." This opens up vistas of promise for the revival of the family, and for the development of a semi-rural way of life for many of our people which may become one of the most effective balances of our national economy.

We can have a farm economy efficiently equipped and manned by trained farmers. "Perfected types of tractors and ground-tillers are certain to come into use after the war. New fertilizers, new varieties of crops, new methods of feeding and better methods of soil conservation will be perfected. . . . The ability of one farm family in the United States to feed itself and four families in town is the strength of our great nation both in war and peace." There is no reason on earth, except an inexcusable lapse into unemployment, why we should not have the richest agricultural development we have ever seen.

We can have better schools. And how desperately we need them! There is no single activity in our society about which we are more complacent than our educational system, yet there are few about which we have less right to be complacent. We have mass production education in our cities and primitive education in our poorer rural areas. This is the most important single job in a democracy—the training of people for intelligent citizenship—and we have never come within striking distance of taking it seriously. We cheer the clichés about the great American school, and button our pockets at the first suggestion that we dig down to improve it. The result is youth erosion, an even more costly social error than soil erosion. We can really show the world something if we seize the opportunity in the post-war world to make our education an exciting creative process.

We can have a constantly expanding demand for goods. Wallace has said this in such a way that it needs no rephrasing: "People talk about acres of diamonds or gold mines in

the back yard. The real gold mine in our national backyard is the ten million poorest families who before the war bought only about five billion dollars' worth of stuff a year, but who can easily furnish a market for fifteen billions if they are given opportunities in the post-war period." The greatest waste in our country is unemployed human labor. In the decade of the thirties it deprived us of 200 billion dollars of goods we might have had, or more than the cost of the war to date.

"We have proved that in war, when our will is roused to a great purpose, we can put forth efforts and rise to levels of national prosperity beyond anything in our history. . . . We can, if we will all cooperate, produce more peacetime goods in 1954 than we did total goods in the war peak year of 1944."

This is the way Wallace summarizes what we can get.

HOW CAN WE GET IT?

We must begin now. There is no sense in waiting until all the old habits of working at cross-purposes reassert themselves, and plunge us into another and more catastrophic depression so that we shall need supermen rather than ordinary men to get us out of the mess.

We shall come to the end of the war with surpluses of certain goods and services, like machine tools and machinery for big construction jobs, that the rest of the world would like to buy. One necessity will be to find a way for other people to get them and pay us for them.

There are two needs that we shall have which will open a way for foreign payments to us. Our people, when fully employed, will need twice as much imports as we normally have had to keep our factories running; and we have learned that there are strategic materials which we need in war, stock-piles of which we should always have on hand to protect our security. These needs will mean that we can purchase goods from overseas which will enable other countries to buy what they need from us.

Wallace illustrates this principle concretely. "Russia wants machine tools. All right, let Russia pay in terms of manganese and platinum, of which she has a surplus. China wants an irrigation system. She has more tungsten than she needs for her own use. Let her pay in terms of tungsten. Persia wants a power system. She can pay in terms of oil, which we can store in underground reservoirs. Chile wants to build some airports. Let her send us copper and nitrates. There are at least twenty strategic materials of which we are seriously short in the United States as a result of our tremendous war effort." We know that the nations of the world are interdependent as they have never been before. We can turn this interdependence into a means for world prosperity, which includes prosperity for ourselves, if we utilize it for a mutually beneficial exchange of goods.

Our experiences following the last war are all the danger signals we need to warn us away from the narrower, so-called "hard-headed," approach. The trouble with this "hard-headed" approach is that in the end the people of this country have to foot the bills while the world economy moves inevitably toward breakdown and resulting war.

Take a look at how it worked after 1919. One group of American businessmen sold more goods and services overseas. They made money. Another group lent money to the overseas nations and sold the bonds to American investors. They made money. The money raised on bonds by the second group paid for the goods sold by the first group. When the foreign nations defaulted on their bonds, the American investors got nothing. It was they who paid. Europe got the goods and services. Americans paid the bills. Europe did not pay because we in this country would not let it pay us in the only way it could pay—by selling us goods in exchange for the goods we sold it. We told other nations they could not do business with us, and then blamed them for having no money with which to meet their debts. A few American businessmen and financiers made money, but

many more lost, and the whole world plunged into a depression that produced Hitler in Germany and war on every continent and ocean.

The same sort of businessmen who led us into that debacle will try to take over when this war is won, and they will say that anybody who suggests a balanced world economy is a "visionary." They will beat their breasts for free enterprise. But we have to be alert enough to see that they do not lead us down their gilded path to another and a worse disaster. We must manage our tariffs and our trade agreements to make sure that we can purchase what we need abroad on such terms that other nations can purchase what they need from us.

Another way to get our full employment is to use our taxation system for social and economic objectives. We have to look forward to a continuance of heavy taxes on personal incomes after the war; there is no way out of this. But we can tax corporations in such a way as "to force corporate reserves either into building of plant and equipment or into distribution as dividends." Huge corporate reserves lying idle represent a loss to the nation's purchasing power, which means less employment. Taxes should encourage new enterprises and new expansions by old enterprises. They should discourage corporate hoarding of all kinds.

A third road toward full employment is through doing away with trade barriers within our own country. This means every kind of monopolistic practice. Potential monopoly exists wherever any individual or corporation or group of corporations use their power to restrict free competition. Wherever anybody withholds a new invention because of fear of its effect on his business, or controls market prices so as to squeeze out a competitor, or enters into an agreement to fix prices within an industry, or corners a commodity, the evils of monopoly are present, a new enterprise is discouraged, and the general welfare is subordinated to private gain. Trade is restricted, and such restraint of trade is never to the public interest.

Such monopolistic practices, deliberately reducing production to maintain high prices, have consistently produced poverty. "Ten million families are continually living in poor houses with inadequate clothing, and without enough to eat" because such limitations on production have kept them out of jobs. "In the investment of money, in determining volume of output, in setting prices, in bargaining for wages and hours of labor, the decision made must be one which best promotes full employment, full production, and full consumption."

It is nonsense to say that planning is un-American. Every individual plans. Every business executive plans. The issue is not planning against planlessness. It is what kind of planning will bring the maximum benefits to all the people of the country.

We gave "free enterprise" an unlimited chance to show what kind of America it would produce. Business interests controlled our government and directed its policies from 1920 to 1932. The conditions were propitious, beginning with the boom that followed the last war. Its perfect spokesman, Herbert Hoover, announced that it had led us into a new epoch that would assure everybody a chicken in every pot and two cars in every garage. But, by sheer stupidity, against the advice of competent students of economics who gave sharp warning of what was to come, it plunged us into our worst depression. Once in, it could suggest no way out, but offered us empty promises that prosperity was just around the corner. It came to the end of twelve years frightened and helpless, and its representative in the White House sat in paralyzed terror at the prospect of what seemed to him the inevitable collapse of the American system. Business had planned for itself, planned for Congress, planned for the president then in Washington, and its planning produced a bankrupt economy and an impoverished nation.

Wallace is proposing a different kind of planning. He suggests that we consciously strive to organize and regulate

our resources and productive capacity to serve the general welfare. He proposes no check upon personal initiative and enterprise as such. Quite the contrary. He recognizes and praises the social usefulness of the inventor, the skilful manager, the individual operator, the businessman and the banker. He nowhere offers any plan that will reduce their opportunities or restrict their contribution to the community. All he asks is that we measure, as accurately as we can, what this contribution will be, and then, if we forecast on the basis of this computation that it will not be enough to supply jobs and security for all our people, that we be prepared with a socially devised and socially financed supplementary program to take up the slack.

Few men have spoken more vigorously for genuine free enterprise. "The price of survival and progress is the whole-hearted acceptance of healthy competition—competition in price as well as in quality and service." He looks upon such open competition—free from restriction by monopolies as well as from restriction by government—as a first essential for releasing creative energies within our kind of society. He simply says that when we have given business, big and small, a full chance to do all it can at a fair profit, experience shows that we shall still have people unemployed, which means a curtailed demand for goods, and that we cannot afford this condition, so we must plan as a community to take care of it. Our consumer potential must be maintained at a level equal to our production potential.

Wallace is moved to this position by two kinds of motivation that run parallel in his thinking—the scientific and the religious. We cannot appraise him fairly without weighing both.

CHAPTER VII

The Importance of Asking Questions

HENRY WALLACE AND SCIENCE

SCIENCE has given us modern technology, which has changed the conditions of human experience and the scale of human relationships so profoundly as to have brought about over the course of years what can be described as nothing less than a revolution in the patterns of society.

Wallace says: "For a hundred years the productivity of the so-called civilized world has increased at the rate of about three percent annually. Corrected for increase in population, the output per capita has increased at the rate of about one percent annually. In the United States the rate of increase of material wealth has perhaps been a little faster than this."

This should mean that we ought to have more security, and more time for living and enjoying life. Our quandary is that a large proportion of our people have less security and less time for unworried living and enjoyment than their fathers and grandfathers. With greater productivity, we live in greater fear of scarcity, are more bound down to monotonous work, and experience more widespread fear of economic insecurity.

There have been some gains. We have largely destroyed man's fear of primitive nature, through our conquest of disease, our improved shelter against the weather, and our organization of the other conveniences of society. We have created a social environment which protects men against the perils of the natural environment. But, in the process, we have subjected ourselves to the perils of our social environment. We have substituted new fears for old and, while we have improved men's physical conditions, we have not decreased their mental worries. We have had an enormous

material expansion over-all, but we have not applied scientific methods to our social system so as to provide for prompt and uniform distribution of the wealth it has produced.

The result of this, as our system has matured, has been to limit the total wealth we actually achieve. It has meant that in some recent years this country, capable of a permanent national income of 170 billion dollars, has actually had an income of 65 billion. Our social machine has run at something like one-third of its capacity.

We can safely say that our scientists already have in their hands enough new information and potential material improvements so that the world of 1975 could have a total productive capacity of twice as much as that of today. We can say with almost equal safety that, if we go along without revising our handling of our social machinery, the world a generation hence will actually produce less total wealth than today. On one side we have progress, in the sense that man increases his power over nature. On the other side we have retrogression because man does not control the social forces he himself has set in motion.

Our weakness has been that we have not applied the scientific method to man's understanding of man, and of the processes by which social relationships improve or deteriorate.

In Wallace's words: "Today it is becoming increasingly evident that we must take into account *the qualitative as well as the quantitative expansion aspects* of our society."

Accordingly, he calls for the engineers and scientists to repudiate their isolation from the economic and social world about them and to apply their scientific training to the paradox of impoverished living in the midst of increasing production. "Science all this time has been creating another world and another civilization that simply must be motivated by some conscious social purpose if civilization is to endure. Science and engineering will destroy themselves and the civilization of which they are a part unless there is built up a consciousness which is as real and definite in meeting

social problems as the engineer displays when he builds a bridge."

Is there any reason why we cannot progress toward mastery of social forces in the same way as we have achieved mastery of nature?

Physical scientists have had a habit of looking down their noses at those calling themselves "social scientists" as though they had no right to use the term. But the present tentative beginnings of social science are the promise of a line of investigation and discovery that may well open the next era of true progress, and the older sciences would be better advised to cooperate with it sympathetically than to scoff.

By the nature of his own work, Wallace is especially interested in the sciences that deal with living organisms, and so he pleads for more attention to be devoted to the life side rather than the mechanical side of things. We may eventually become disillusioned by our efforts at mechanical progress. We may even exhaust its possibilities. But there are endless fields to explore in the improvement of living things. When that improvement becomes the adventure of improving human lives and human living it can never be disillusioning. The standard of living, in city and country alike, can be constantly raised as we learn to distribute what we have produced as well as we have learned to produce it.

Each of us in his measure knows the fascination of precise mathematical reasoning, but the mathematics of life is as far beyond the calculus as the calculus is beyond arithmetic. "The quantitative answers produced by the science of the past hundred years are not enough. They merely increase the speed of life without increasing the quality. Would that we had someone with the imagination of Sir Isaac Newton to develop the higher calculus of the engineering of life which is so necessary if our increased productive power is to increase total human happiness!"

Wallace makes no pretense of being the Newton of social science, but he has attempted to formulate some of the

specific questions which have to be answered. This is the first step. If we can get the right questions raised, we shall ultimately find the right answers.

He proposes that the government set aside money to give some men the freedom to ask the probing questions. This is known as pure science. It is research in its profoundest sense. Somebody once ridiculed the Department of Agriculture for giving out the information, in answer to an inquiry, of how far a flea could jump. This was supposed to be very funny, and for a while was a favorite joke among "hard-headed businessmen." As a matter of fact, research on fleas—including how far they can jump—resulted in the discovery in 1906 that the bubonic plague was carried from rats to men by fleas—and the bubonic plague is not funny.

Some of the scorn poured upon Roosevelt, Wallace and their colleagues for using "professors" comes from their use of pure research for the public good. Apparently men who know no other standard for judging an idea except that it shall bring them ten percent on their investments think that truth has no value in itself, and no promise of further usefulness—if it results from the use of government money, particularly if the government happens to be the New Deal. They put money into their own research laboratories, of course, but this is "practical" because it is commercial money. And whenever I hear conservatives mocking the "New Deal professors" I remember when these same people with one accord were quoting and praising Professor Irving Fisher's paeans to Hoover's economics.

Wallace has had personal and profitable experience with pure science. Dr. G. H. Skull and Dr. E. M. East of the Carnegie Institution first experimented with the inbreeding of corn twenty years ago, and published their results with no thought of its practical exploitation. It was upon the basis of their work that Wallace produced his hybrid corn which made it possible to produce on eighty million acres a crop equal to that previously produced on a hundred million

acres. Pure science is the parent of applied science as the question is father of the answer.

Wallace proposes more science in economics, so that we can have economic machinery corresponding in its precision, its power and delicacy of adjustment to our scientific machinery.

We know that there must be a balance between productive power and consuming power—how do we manage it? We know that if a creditor nation insists on heavy exports in undue excess of imports we court disaster—what is the desirable balance, and how do we move toward it? We know that stability in our whole system rests upon stability in our heavy industries—what are the factors of fluctuation here, and how can they be corrected? We know that our monetary system should serve both creditor and debtor, and both producer and consumer—how can we manage it to be equally just and equally stimulating to both? We know that taxation affects the purchasing power of the dollar—how can we balance it so as to derive the maximum social benefits?

Such questions are no more unanswerable than “Why did that apple fall to the ground?” The factors can be measured and weighed, and related to the total picture.

Wallace does not pretend to have all the answers. He just insists that if we set our minds to it we can find the answers. Meanwhile, he is willing to experiment with the most complete hypotheses at hand. His weakness is that his eagerness makes him prone to trust an as yet unproved hypothesis too readily. His type of mind gets such a satisfaction out of an intellectual formulation for its own sake that he is apt to mistake its neatness for proof of its validity. His strength is that in a world of timid people he is willing to try out new theories, and we need have little fear that he will go too far, for there are enough people anchored by inertia to supply all the necessary drags upon any tendencies of his to too rapid change.

His own most exact thinking along social lines has been

done in the field of statistics. He has thoroughly analyzed the basic data on national income and on the distribution of employment through the various businesses, governmental agencies, agriculture, and industries of the country. His concrete proposals for the location of the 60 million jobs and for financing them will be based on these data. I have never discovered from whom the President got the figure of 60 million for his Chicago speech, but I know that Wallace thought it high, although his later studies have convinced him that it is actually feasible. When he uses it, it is the result of careful calculation on his part.

He also carries over into his social thinking an analogy from his experience with the breeding of plants. The knowledge he has gained from his genetic research into corn and other organisms reveals that they thrive best in a culture calculated to provide sympathetic environment for them. He acknowledges that this is insufficient knowledge to provide a full and confident answer to the complicated question of human heredity and environment, but he feels that while an analogy is not an argument, it points in the direction of one, and that we stand the best chance of improving our human stock and capabilities by working toward a culture in which normal people will have the greatest opportunity for developing and leading happy and normal lives. "We cannot legislate better corn or a better race of men. We must appeal to nature and we must apply the best fruits of the human mind and heart if we are to build that better world which is the dream not only of the eugenicist but of all pioneers of the human spirit."

As one way toward this, he proposes that all education, including the specialized scientific sort, shall contain some part which will give the student an insight into the nature and history of human culture, so that every man's talent and skill shall be exercised against a background of knowledge of the society he serves.

Perhaps we cannot better summarize his view of the mean-

ing of the scientific approach to human problems than by repeating a quotation from David Lilienthal's book about the TVA, *Democracy on the March*:

"There is almost nothing, however fantastic, that, given competent organization, a team of engineers, scientists and administrators cannot do today. . . . Today it is builders and technicians we turn to: men not armed with the ax, rifle and bowie knife, but with the Diesel engine, the bulldozer, the giant electric shovel, the retort—and most of all, with the emerging kind of skill, a modern knack of organization and execution. . . . And it is just such fruits of technology and resources that people all over the world will, more and more, demand for themselves. That people believe these things can be theirs—this it is that constitutes the real revolution of our time; the dominant political fact of the generation that lies ahead."

CHAPTER VIII

"The Dignity of the Individual Soul"

HENRY WALLACE AND RELIGION

THE point at which Wallace's scientific approach and his religious motivation meet is in his reverence for living things and for the fact of life itself. His scientific interest is to improve the conditions of living so that men will realize on their full possibilities. His religious drive energizes his passionate faith in men. He believes in the practically unlimited capacity of human beings to increase in greatness. Thus he sees statesmanship and true religion with much in common.

"The problem of statesmanship is to mold a policy leading toward a higher state for humanity, and to stick by that policy and make it seem desirable to the people in spite of short-time pressure to the contrary. . . . Those who are so unconclusively interested in the events of the immediate future or the welfare of a small class are, from the broader long-time point of view, thoroughly impractical and theoretical. Religion is to my mind the most practical thing in the world. In so saying, I am not talking about church-going, or charity, or any of the outward manifestations of what is popularly called religion. . . . I mean the force which governs the attitude of men in their inmost hearts toward God and toward their fellow men."

He roots the whole democratic idea in the inner conviction that man derives his whole meaning from his relation to God and his fellows: "In strengthening our youth . . . we must make their hearts glow with the truth, which is that the essence of democracy is belief in the fatherhood of God, the brotherhood of man and the dignity of the individual soul." When Henry Wallace uses these words he is expressing

his own deepest conviction and is exposing to us the fuel with which he keeps his own inner fires burning.

The easy way to dismiss this is to call him a "mystic" and to discount him. To do so is to confess one's own superficiality. Wallace is not speaking for what he himself calls "the dismaying thing"—the lukewarmness, the wishy-washy, goody goodness, the infantile irrelevancy of the Church itself." He is speaking for something so vital within him that it leads him to protest against this. He is speaking for that in him which corresponds to the metaphysical, psychological and spiritual roots of those great movements in human history which have produced government, science, music, literature and all the multi-colored panoply of what we call civilization.

To understand Wallace's religious approach, we have to grasp certain facts about it.

He was introduced to religion by his grandfather, who was enough unconstrained by conventional interpretations of the Bible so that he came to it with an original mind that cut through its phraseology to the human facts it reported. Wallace has always read the scriptures as a living story about living people, grappling with personal and social problems like ours. Its characters are not illustrations for a moral tale, but breathing persons whose actual experiences throw light upon what we have to face.

David, for example, gathered "four hundred men of the discontented debtor class," in the beginning, but after he became firmly seated on the throne, "he forgot more and more about the downtrodden debtor class." Absalom "led a revolt which David was able to put down because of superior military force." Solomon, later, "with the support of the urban commercial element, was able to triumph over Adonijah representing those who were discontented with what had become an urbanized administration." "The tax-burdened people" revolted against Rehoboam, because he was "unable to furnish them either with a program of reduced

taxes or commercial expansion." The kingdom broke up, in a conflict "between the commercial point of view and the old-fashioned hillman's attitude, and between the kept priestly prophets attached to the courts and those lion-hearted, independent prophets who first of all historic men denounced the way in which a commercial civilization so often enables the rich to get richer at the expense of the poor." "If we had been trying to make a living in one of the walled cities of Judah . . . most of us would have been respectable worshippers of Baal genuinely worried about the subversive tendencies of that fellow Jeremiah who was breaking down confidence and saying things that were bad for business." And so on.

It is not hard to see how a boy growing up in Iowa in the midst of agrarian agitation of which his grandfather was a vigorous leader and spokesman identified him and his cause with the Hebrew prophets. They were not strangers to young Henry. They might have been his neighbors, and he heard the echoes of local protests in their utterances. Their concept of social justice became his as he responded to the same inner imperatives by which they lived and spoke. Religion was not esoteric in his case. It applied to mortgages, debts and taxation. He accepted brotherhood not as a pious word but as a principle for the organization of human relationships. He thought that when preachers and teachers talked about the fatherhood of God and the brotherhood of man they meant what they said, and he accepted it as the guide to the good life.

He still accepts this. He lives and thinks by that kind of interpretation of the scripture which is known as the Social Gospel. That is to say, he does not look upon religion as merely a way to save his individual soul from hell, but as a force which can bring about the Kingdom of God on earth. This kind of definition of the social aspects of religion was clearly articulated in the last generation by Professor

Walter Rauschenbush and it has had wide influence in Protestant churches. Wallace has been deeply influenced by it.

His reading of history shows him that powerful religious reformers have emerged at every critical turning-point of social development, and that the religious motive has been one of the forceful elements of social progress. Ancient wrongs have been redressed when faith has been reborn. Men in whom the reality of God and brotherhood have come to new and vivid life have been agents of social renewal in times of chaos and uncertainty. He sees in such men, wrestling with the problems of their times, manifestations of the same spirit and power that emerged in the Hebrew prophets. He tries to apply their vision and spiritual force to current issues. Doing this, he feels he is keeping faith with the truest and most practical insights of the ages.

One is conscious in Wallace of a protest against the more crass statements of all the materialistic philosophies that are rooted in the theories of the struggle for existence and the survival of the fittest. He acknowledges that there is truth in these, but he does not accept them as the whole truth. He insists on recognition of that in man which is imponderable—the capacity for cooperation, sympathy and aspiration.

We have been going through a period when our estimate of the dignity of man has been steadily lowering. Copernicus showed us that our little world is not the center of the universe, but a minor satellite of one of the lesser suns. Darwin demonstrated that we are not a little lower than the angels but a little higher than the apes. Freud has exposed us as the victims of our unconscious rather than the pilots of our fates and captains of our (non-existent) souls. Einstein has reduced our measuring rods to elastic conveniences and truth to something called "relativity." Hitler has demonstrated that a shrewd and calculating man can manipulate other men to serve any purposes he may desire. The dignity of man has been having a hard time to maintain itself.

It has received little help from the creative arts. Recent

fiction has specialized in the biological activities of men and women, and to call its leading characters heroes or heroines is to use those words in something less than the manner to which they are accustomed. We have had a spate of biographies of people formerly accounted worthy of emulation which has found its chief pleasure in portraying them in their less majestic moments—a sort of orgy of debunking which has amounted to our apology for ever having fallen into the error of believing that humanity could touch greatness. Confirming our disillusionment, we have learned also that while statesmen were reportedly preparing charters and constitutions for the good government of their offspring, they were actually figuring out how they could hang on to their estates and their six percent. We struck bottom in literature when the best seller of our generation turned out to be "Mein Kampf." In art, we passed into a period when the depiction of anything human became subordinated to experiments with color, and the masterpiece of our time is the portrayal of a woman going up- or down-stairs, nobody quite knows which, because there is neither a woman nor a flight of stairs discernible on the canvas. One of the most illuminating moments of my recent experience came when two "lovers of art" shrugged off a sculptor as "academic" because he made his busts actually look like the sitters. He is a poor artist, apparently, who cannot improve on man.

The overt outrage to the dignity of man, however, came when we turned our machines loose as uncontrolled instruments of human exploitation. On the one side, an impersonal thing, called "profits," took precedence over human values; on the other side, an equally impersonal thing, called "the State," took precedence. In both cases, men became means not ends. And both grew out of the same cynical evaluation of human lives.

Wallace symbolizes one reaction against this whole materialism. He speaks for the prerogatives of the human spirit. He comes back to the fundamental moral law that any deed

is wrong which uses men as means to serve some end outside themselves, and that the standard of judgment for every deed is what it does to people.

He puts to the nation the question Elisha put to the woman: "Is it well with thee? Is it well with thy husband? Is it well with the child?" What is happening to the people? Because he believes with all his heart in the reality of God and brotherhood, he is out to use wealth, power, government, business, agriculture, labor, and all the institutions of civilization to enrich and improve the experiences of men, women and children. He hates war, but is all out to win this one as the necessary first step of getting rid of the forces that prevent the organization of lasting peace. He believes that after it is over we can build a good world if we think men worth it, and are willing to have faith enough in ourselves and them to employ all of them in building it.

CHAPTER IX

Sixty Million Jobs and Discrimination

HENRY WALLACE AND
GEORGE WASHINGTON CARVER

WHEN Henry Wallace was a small boy, George Washington Carver was at Iowa State College. He was a good friend of Wallace's father, and young Henry's curiosity and eagerness so attracted him that he took the lad with him on some of his botanizing trips. It was he who first introduced Henry Wallace to the mysteries of botany and plant fertilization. Out of that introduction grew Wallace's later work in the breeding of corn and his wider interest in the efficient handling of soil and crops to meet national and international needs.

If we vividly recall that picture of the Negro scientist and the young white lad walking together, engaged in mutually absorbing conversation about the ways of plants, and every now and again, bending their heads together to examine the same specimen, we shall understand why it is simply impossible for Wallace ever to entertain the ridiculous notion that difference in background or color of skin denotes inherent superiority or inferiority of talent.

Carver was born in slavery and was never quite sure of his exact age. He pioneered the whole field of research into the possibilities of industrial use of the products of the farm. His name and reputation have now become so firmly ensconced in the record of our national achievement that even the blindest bigot has to acknowledge the originality and thoroughness of his mind.

Wallace's early association with Carver is a good place from which to move into consideration of his approach to all forms of social discrimination, for he comes to his discussions

of them from the two angles of the geneticist and the friend of mankind.

One of the most thoughtful papers on eugenics is one which he wrote in 1938. The first part of it deals at length with the contributions which Indian corn had made to American agriculture, and with the insights into fundamental principles of heredity which have come out of experiments in plant breeding. In the second part, he sets out to answer the question of how far these insights can be applied to getting a better breed of human beings.

The first point he makes is that we cannot hope to improve the human race by merely sterilizing deficient and defectives. I remember hearing an intelligent man once remark that perhaps the one permanent idea that Hitler would bequeath to the future is that of improving the breed by sterilizing the unfit. Wallace explodes this myth at once. Experiments with plant breeding indicate that genetic improvement is far more complex than the mere sterilization of the particular individuals in whom the weaknesses of the whole strain are most explicit. Deficients and defectives are what they are because the breed contains within its whole self the tendencies that produce them. We do not purge the breed of these tendencies by penalizing its weakest members, who differ from the rest only in the degree to which the general defectiveness appears in them.

As a matter of fact, plant growing is not pure genetics. There is no one variety of corn equally good all over the United States. At least half the battle is to know what soil is best adapted to a particular kind of corn, and then to prepare and fertilize it in just the right way, to say nothing of the obvious need for keeping out weeds. This means that improvement of environment and culture is vital to best crops.

Wallace suggests that this is the experience which can be applied to human living. Even so, the analogy is not a complete one. The breeder of corn has a relatively simple prob-

lem centered in achieving a clearly defined goal. Any one who attempts to guide the evolution of mankind has to check his methods and goals not only against the production of physically healthy persons, but also against improving the minds and emancipating the spirits of men. He would have to be a shallow man indeed who would think the whole question of eugenics could be exhausted by applied human genetics.

I used to have a friend who was invited all over the country to judge Jersey cattle, and one day he explained to me the various points of coloration and conformation that he took into account before rendering a decision. No animal, even after all the time and money which have been spent in breeding, ever was perfect. If we cannot breed a cow of perfect physical proportions, we should have little faith in winning salvation for the human race through human genetics applied by a dictator.

The wiser course is to work out the kind of environment most favorable to the unloosing of human powers and the flowering of human achievement.

THE QUACKERY OF "RACE"

This naturally brings us to the question of whether there is some one "race" of men who are naturally superior to all others. Perhaps we should begin by asking what is a "race"? This is probably one of the most overworked and misused words in our language. I have heard people use such plainly indefensible terms as "the English race," "the German race," "the Russian race," "the French race," and so forth, making "race" synonymous with "nation," a way of using language that makes exact thought or intelligible communication impossible. Others talk of the Jewish "race," the Irish "race," and so forth, confounding adherence to limited cultural traditions with "race." Then there are the ever-present people who talk about "the white race," "the black race," "the yellow race," "the brown race," and "the

race of red men," making racial division parallel pigmentation of the most obvious varieties. Such carelessness in speech tends to confusion of the popular mind and to create misconceptions liable to be exploited by conscienceless profiteers of prejudice.

As ordinarily used, the word "race" is completely empty of meaning, and amounts to nothing more than a symptom of the vacuity or obscenity of the person using it.

The most obvious example of the second is the so-called German "scientist" who has prostituted his mind to twisting scientific words into a mumbo-jumbo of vicious deceit.

These "scientists" have come up with something they call "the Nordic race," inhabiting Germany and spilling over into one or two neighboring countries. Their description of it is a curious blend of megalomania, guilt complex and sheer demagoguery. Here is the official version: "It is uncommonly gifted mentally. It is outstanding for truth and energy. Nordic men for the most part possess, even in regard to themselves, great power of judgment. They incline to be taciturn and cautious. They feel instantly that too loud talking is undignified. They are persistent and stick to a purpose once they have set themselves to it. Their energy is displayed not only in warfare but also in technology and in scientific research. They are predisposed to leadership by nature."

These are the "race" that has found its "natural leader" in Hitler, who obviously is "outstanding for truth," "taciturn and cautious," too dignified to indulge in "loud talking," and possessed of "great power of judgment" even in regard to himself.

Just to carry out the Nazi lesson in "race," here is what they say about something called the "Western race," found principally in England and France: "Compared to the Nordic race there are great differences in soul-qualities. The men of the Western race are . . . loquacious. In comparison with the Nordic men they have much less patience. They act

more by feeling than by reason. . . . They are excitable, even passionate. The Western race with all its mental excitability lacks creative power. This race has produced only a few outstanding men."

These Nazi "scientists" have tried to stretch their idea of "Nordics" to swallow up the anthropologist's descriptive word "Aryan." They then describe as "non-Aryans" anybody they want to persecute, and make "honorary Aryans" of all whom they wish to cultivate. Their "science" is not related to exact thinking or the sharpening of definitions. It is much more like a lodge-ritual through which people are screened for possible membership in a mystic community. This may be an amusing way of perpetuating a sort of free-masonry, but it is no way to run a world.

An "Aryan" scientifically is one who is a member of these peoples who speak one of the languages derived from Indo-European roots. Most of us are Aryans, including Jews, Germans, Britons, French and others who are a part of this cultural tradition. The majority of the peoples of India are Aryans also.

In other words, students of human society use the word "race" to make distinctions among the broad cultures of mankind that have flourished through the centuries. It has no application to the blood-stream of the genes or the capacities of peoples. No free and responsible scientist would use it for a moment to differentiate among the abilities of the groups he is comparing. When the Nazis use the words "race," "Nordic," and "Aryan" they are scientific fakers.

This is of importance to us because there are practitioners of this same kind of scientific fakery in our own country, and because there is enough latent group prejudice here for them to inflame it into a socially dangerous activity. We shall suffer a tragic psychological defeat from Hitler, even though we win our military victory over him, if he succeeds in poisoning our minds with his "racial" virus.

Wallace once suggested an experiment which will never

be undertaken, but the mere visualizing of which clarifies this whole business. Suppose we should take 100,000 children at birth from our poorest families, and 100,000 from our wealthiest families, give them the same food, housing, education and cultural opportunities; who would say that they would not prove to have equal mental and moral traits on the average? This is actually tried imperfectly and on a small scale in the case of adopted children, taken from poor and perhaps illegitimate parentage into homes where they are given the treatment of children of the household. There is certainly no indication that such children turn out any better or worse than those of the families with whom they associate.

We can go farther. If 100,000 Jewish babies, 100,000 Hindu babies, 100,000 Negro babies, and 100,000 Chinese babies were raised under the same conditions as 100,000 British or German babies, there is no reason in science for thinking that they would display any particular differences in average talent. We cannot be absolute about it because such an experiment has never been tried, but, on the basis of the best observations we have been able to make, we should be much more likely to find greater variations within the groups than among the groups.

There is certainly nothing in any breeding of animals or plants up till now to support the idea that the more complex characteristics of any organism have any relation to such superficial characteristics as the color of skin, hair or eyes. Nobody can estimate how much milk a cow will give, nor the percentage of butter fat it will produce, from the color of the cow's hair or the length of her muzzle. Nobody can estimate the number of ideas a man will produce, nor the percentage of them that are valuable, from the color of his hair or his lack of it, from the color of his eyes, or from the length and contour of his nose.

If a dictator made up his mind that he was going to produce a nation of blond, blue-eyed men averaging six feet

tall, he might, given time and a sufficiently docile population, succeed—but he would have, and could have, no guarantee that they would not turn out to be morons. There is obviously no relation between being a blond and having brains, or else the blond people of Germany would never have let themselves be hoodwinked, shackled and led to the slaughter by the little Austrian brunet, Adolf Hitler.

Our job is not to chase scientific fakers and will-o'-the-wisps promising improvement through manipulation of the genes. Our job is to create a society in which all the potentialities of all our people will be given an equal chance to develop and contribute to the general welfare.

FULL EMPLOYMENT IS FAIR EMPLOYMENT

This means fair employment practice dealing justly with all sections of our population.

To begin with, this is good business sense. Take the case of the Negro. We have kept him in permanent economic servitude. He has been the last to be hired and the first to be fired. We have forced him to live in unhealthy housing conditions, charging him exorbitant rents for his home and exorbitant prices for his food. We have set his conditions of life, and these have bred a large incidence of disease, social problems, flexible domestic standards, violence and crime. We have made his life harder than that of any of the rest of us, and then have blamed him for his natural reactions to conditions we enforced. On the basis of this blame, we have complacently said that he is fit for nothing better, and have perpetuated our injustices.

Apart from moral failure and hypocrisy, if indeed we can think of it at all apart from these considerations, such a situation is economically perverse.

It means that we have kept one-tenth of our people in such poverty that they have supplied no adequate market for our goods. While we have been doing this, we have been creating extra costs for the community in the corrective

measures and institutions we have to support for these economically submerged citizens.

When, therefore, we talk about fair employment practices, we are not asking a beneficent government to patronize the Negro or anybody else. We are suggesting that we correct an error in the structure of our society that is costing us money. There are people so engrossed in the fallacy of "race" that they are not able to grasp plain business facts and figures, but their prejudice is a community liability in dollars and cents. There are cutting down our national purchasing power and creating higher public expenses at the same time. The whole community will be better off when the Negro gets enough money to buy in normal markets, to secure decent housing, and to have proper safeguards against disease and the social ills that result from overcrowding and lack of education.

Discrimination in employment is bad business not only on a straight cash basis, but also on a broader one. When we shut any portion of our population out of any of the normal lines of employment, we are shutting off a potential source of supply for original and creative ideas in that line. The proportion of genius and talent in the ranks of Jews, Italians, Greeks and Negroes is the same as that of any other groups. When we discriminate against them we prevent their proportion of gifts from serving the public. We dam up a source of the most precious supply in the world—the supply of new ideas.

There are scores of Jews and Italians who started out with the gifts, desire and intention to become doctors, but who have been forced into other lines of activity in which they have less competence because quota systems in universities and in the professions have barred their way to the work they really wanted to do. Can any one measure the possible loss to the community represented by this waste of talent?

Similar human waste occurs in every business house and every industry in which the same sort of barriers prevail.

It is one of the ironies of this situation that the most conservative groups, like the medical profession and insurance companies, which speak most vehemently about the need for "free enterprise," are among those which most rigorously prevent free entrance of all kinds of people into their ranks. They call a man like Wallace unbusinesslike, but apply the practices of country-club membership to admission to their own professions and businesses.

A program of full employment demands the breaking down of all discriminations based on "race" and color, so that all groups may participate equally in supporting our national purchasing power, and so that the talents of all individuals may serve the general welfare in the ways best adapted to them.

FREEDOM FROM FEAR

There is another side to this. The nearer we come to full employment and economic security the less active group prejudice we shall have. Overt group antagonism is directly proportional to social and economic insecurity.

It works this way.

One of the constituent parts of human nature is xenophobia—the dislike of the unlike. We are all much more at home with "our own people" than with others. We are not sure of strangers. We have a tendency to distrust them. Our world is divided into "us" and all those who are "not us"—Greeks and barbarians, Jews and Gentiles, Americans and Hottentots. The pattern runs all through history and we cannot help its existence because it is a part of our make-up.

By the same token, we think that "our people" are a little better, a little brighter and a little more enlightened than any of the others. But there is a curious twist to this. We also think that the others are always better organized than we are. Our own crowd does not stand together, in our judgment, but the other crowd is always united, and usually out for some sinister goal.

There are a large number of Catholics, for example, who are fully convinced that the Jews are so united that they are practically regimented behind a program to take over our institutions and the whole world. There are plenty of Jews who are equally sure that all Catholics think alike, talk alike and act alike in a perfect unity like that of an organism knowing only one will, that of the Church, and seeking only one end, Papal rule over all the earth. There are Protestants who believe the one or the other, and some who believe both. Anybody who knows either the Jews or the Catholics knows that all this is the merest fantasy. Anybody who knows human beings would know that it is bound to be, for human beings do not take leave of their individualities and belligerencies because they happen to be in any particular group.

The fact remains, however, that members of one group have a tendency to suspect and distrust members of another.

In organized society, this is inactive as long as nobody is afraid. The minute fear crops up, however, it inflames suspicion.

When people feel insecure, they do not blame themselves. They feel that somebody must have conspired against them. They look around for somebody to blame. Usually, they make another group their scapegoat.

Hitler could never have persuaded the German people that they were responsible for their own humiliation. He would have had to buck an almost insuperable wall of pride. But he had no job at all in persuading them that they were victims of a conspiracy among the democracies at Versailles, and that the head and front of this conspiracy were the Jews.

He simply raised to the level of national policy a sort of appeal that has proved its efficacy again and again, in this country as well as in others. At various times of national and economic insecurity in the United States, we have had anti-Catholic movements like the American Protestant Associa-

tion, anti-minority movements like the Ku Klux Klan, and specifically anti-Jewish movements.

They come because fear—the other name for insecurity—has to find something or somebody to blame and hate. It turns to bizarre tales of devils and magic. It bursts into mob violence. There is only one cure for it, and that is security.

We can do something for better understanding among the groups by education, but none of the polite explanations will stop a frightened man from looking for a victim. Education is an appeal to the reason, but fear suspends the operation of the reason. It may help enrich a stabilized situation, but it will not stabilize an unstable one.

We are never going to cure xenophobia entirely, but we can create conditions which do not stimulate it into open eruptions. The way to keep anti-Semitism, anti-Catholicism, anti-Negroism, and all such “anti” movements under control is to order our social life so that everybody has the fullest possible assurance of work, health and liberty.

We need have no fear of the power of a demagogue unless we create the conditions in which demagogues thrive. Father Coughlin is said to have had sixteen million listeners, but we shall understand him better if we get below the superficial accents of his voice and realize that these listeners were presented to him by the depression. He spoke to a frightened nation. His words had power because we created the conditions for that power. Huey Long, perhaps the potentially greatest personal threat to our free institutions in our lifetime, flourished on the same audience. If we go back after this war to economic insecurity, we shall find this audience revived and reinforced by millions of returned service men who have learned the techniques of discipline and direct action.

Thus, sixty million jobs constitute more than a way to feed and protect individuals. They become essential to the preservation of the structure of our free society. They are a way to underwrite the continuance of the United States.

Part of our glory is in our differences. We have asked no man coming to our shores to give an account of his ancestry, but only of his willingness to become a loyal member of our free community. Church spire and temple dome have stood side by side on our streets and avenues. Many tongues have mingled in our speech. Together, we men and women from many lands have brought a continent under control, cultivating rich fields, turning desert places into watered gardens, harnessing rivers to engines of power, building large cities; and, while we have thus changed the face of the earth, we have created a new kind of society, for each has brought the truth as he has found it in chapel and cathedral and synagogue, and in library and laboratory, and the ferment of all kinds of minds has begun the creation of a new culture, embracing all but controlling none. Our differences have not been barriers between us, but mutually enriching contributions, and we have had here such a cross-fertilization of philosophies and religions as the world has not seen since the Renaissance.

Our current task is to ensure that we continue to have such a country as will enable our free culture to endure and flourish. We must give attention to the seedbed. The provision of full employment is part of the cultivation for healthy growth.

CHAPTER X

Sixty Million Jobs and World Trade

A FAIR EXCHANGE IS NO ROBBERY

WHEN Wallace appeared before the Senate Commerce Committee on January 25, 1945, he explained to the Senators why he had left the Republican Party. It was because he thought that party was following a policy on international trade which would make it impossible to balance our exports and our imports. This policy, he said, would lead to the breakdown of our economy and the loss of jobs by our workers.

We want to sell to other nations. They want to buy. But they have to pay. How are they going to get the money? There is only one way: they must sell their goods, and they must be able to sell enough to us to pay for what they want to buy from us. We have things they need and want. They have things we need and want. We can do business with each other if we exchange goods.

This sounds simple enough, yet we have had periods when we have not acted on it. We have thought we could sell all the time to other peoples and buy next to nothing from them. We wanted all the goods to go on a one-way street from us to them, and all the money to come on another one-way street from them to us.

The result has been that when they have sent us all the money they could spare and have used up all the credit we would allow them, they have stopped buying from us. This has meant that the farms which were supplying wheat and cotton to foreign markets lost their customers and their income, and the factories which were manufacturing goods sold overseas had to close down and dismiss their workers. Normally, we sell about ten percent of our products to other nations, so when foreign nations stop buying, ten percent of

our farms and ten percent of our workers are thrown into idleness. This, in turn, means that for every hundred Americans who were buying goods before, there are only ninety buying. So there is a drop of ten percent in domestic purchases, which means that farms and factories supplying the home market face falling prices and growing unemployment. When this happens, we pass to a new stage of unemployment and decreasing demand. The spiral of decline swings lower and lower until we sink into a major depression.

I have stated this simply, sketching the skeleton of what happens and not qualifying it with many other factors that may hasten or delay the ultimate collapse, but the essence of the matter is in what I have said. We cannot maintain American prosperity unless we sell some of our goods abroad. We cannot sell abroad unless other nations have the wherewithal to buy. They cannot have the wherewithal unless they sell to us. If we put all our tariffs so high that they cannot sell us anything, we are preventing potential customers from trading with us. Instead of protecting us, unscientific tariffs actually impoverish us.

At his first press conference as Secretary of Commerce, Wallace clarified his position on this. He said that there was need of a widespread campaign of education to explain to people that "this idea of pushing out a large volume of exports without devising any effective method of payment" will not work. In his own words, it is "like pushing a fellow away with one hand and pulling him toward you with the other."

Wallace has consistently held this position for twenty years. He has stated his case thus: "Among the self-styled 'realists' who are trying to scare the American people by spreading worry about 'misguided idealists' giving away our products are some whose policies caused us to give away billions of dollars of stuff in the decade of the twenties. Their high tariff prevented exchange of our surplus for goods. And so we exchanged out surplus for bonds of very doubtful value.

Our surplus will be far greater than ever within a few years after this war comes to an end. We can be decently human and really hardheaded if we exchange our postwar surplus for goods, for peace and for improving the standard of living of so-called backward peoples. We can get more for our surplus production in this way than by any high-tariff, penny-pinching, isolationist policies which hide under the cloak of one hundred percent Americanism." And again: "When a creditor nation raises its tariffs and asks foreign nations to pay up, and at the same time refuses to let them pay in goods, the result is irritation of a sort that sooner or later leads first to trade war and then to bloodshed."

Wallace calls upon us to realize that while our peace-making must honor pledges and maintain the legalities of our relationships it must go beyond these to establish conditions in which human life can flourish because the wounds of the world are healed. We shall not restore health to our sick world by thinking of it in piecemeal terms. We have to see it as a whole. War and political unrest are symptoms. Our real trouble is organic.

The fundamental issues with which we are dealing are not boundaries and technical definitions of sovereignty, but starvation and the possibility of staying alive at all. Our primary task is to save civilization itself. And in our success or failure with diagnosis and treatment of it we are all bound up together—rich and poor nations, great and small powers. None of us lives if our civilization dies. None of us can save it alone. It is going to take all of us acting together, and this is not a visionary demand, for none of us can serve our own self-interest by any other means. The health and survival of each people is conditional upon creating and maintaining a world order in which all peoples have a chance to live and flourish. The issue is self-preservation.

The defeat of Hitler and Japanese imperialism is only half our cure. It is a major operation in which we are cutting out a malignant growth that has threatened to destroy our

civilized society. But after the operation, even if it is highly successful, we are going to be a sick world which cannot claim complete victory until its strength has been built up to full health again. Policies in peace have to complete the victory in war.

The principle upon which such policies can be developed is that we find ways to convert the potential abundance of the world into real wealth and a higher standard of living.

SEVEN STEPS

Wallace has named seven "basic facts" which cannot be ignored in any attempt to tackle this task. They are so fundamental, and together form so comprehensive an outline of the issues we have to think through, that they deserve to be set out as plainly as we can state them. Once again, Wallace is asking the probing questions which have to be raised before we can find the enlightening answers.

First, we must recognize the need for access to raw materials and for an economic arrangement to protect the raw-material producers of the world from such violent fluctuations in income as they experienced after World War I.

Second, we must organize our international economic relationships so that there will be markets for all the goods all nations can produce.

Third, this means a re-examination of tariffs and other import barriers, and their modification all around so that they will not hamper the flow of world trade, which is the blood-stream of a healthy world economy.

Fourth, we must redefine the use of gold as a base for national currencies, as a check on currency manipulation in international competition, and as a means for settling international trade balances. On the one side, the gold standard can be too rigid. On the other side, uncontrolled currency leads to runaway inflation or unscrupulous money like that of the Nazis. Our problem is to find literally the golden mean.

Fifth, we need an effective organization of credit to stimulate international trade and such domestic developments within backward countries as will enable them to develop their resources and raise their standards of living so that they may take active part in world commerce.

Sixth, we must have stabilization, beyond that provided by the gold standard, of world currencies in terms of the exchange of goods and services. This means that money has to be related not only to one commodity—gold—but to over-all balance of real wealth.

Seventh, and Wallace accounts this the most important of all, we have to recognize the essential role of purchasing power within the various countries that are trading with each other—for full employment within nations makes possible broad trading with other nations.

Many of these factors are recognized in the Bretton Woods program for a World Bank and a World Monetary Fund, but this program has to be supported by active world trade, and supplemented by trade planning.

Wallace has envisioned a United Nations investment corporation under whose direction public and private capital could be put to work whenever private corporations were unable or unwilling to take whatever extra risks might be involved. War inspires government spending on a tremendous scale. Its sudden withdrawal at the conclusion of the war would shake our system to its foundations. This, happening simultaneously throughout all the nations, might actually mean the sudden and complete collapse of capitalistic institutions. The way to prevent this is to be ready with a program of expansion in peace that will utilize all the energies we have mobilized for war.

AIRWAYS

One item in such a program could be the establishment of a net-work of globe-encircling airways with adequate airports to initiate the new air age. This would have the im-

mediate advantage of cushioning the shock to airplane production that the end of the war will bring. One of the most troublesome prospects we face is that the immense airplane plants we have built for the manufacture of war planes will have so little to do in peace that many of them will have to close, throwing their employes out of work. Any stimulus we provide for new airplanes will have a salutary effect at once.

In a longer view, the more quickly we move into the air age of the future the more rapidly we shall adjust ourselves to it economically and psychologically. It is easy for one's imagination to run away with one's judgment in forecasting what air travel will do to our relationships with other peoples. But even the soberest kind of thought must realize that as we bring space under control, the resultant acquaintance with all regions is sure to see them developed at a more rapid pace. Men of imagination and ingenuity will organize all kinds of new industrial projects in all lands.

The psychological effect may be even more profound. There are still people in our own and other countries who have not grasped the extent to which distances have shrunk, or the new degree of intimacy which has been introduced into human relationships. In a deep sense, the provincial mind is the chief threat against peace. We cannot have a new world until we all think in new dimensions. The earth-bound mind is incapable of meeting the demands of an air-controlled space. Words are inadequate to stimulate mental arteries long hardened. Actual events can do it. Airplanes flying regularly around the world will finally convince even the most obstinate provincial that "foreigners" are not remote strangers but neighbors on a little planet on which no place is more than sixty hours away from any other.

"It is infinitely more important," Wallace says, "to make the people of the United Nations space-minded for peace than it was for Germany to make its people space-minded for war."

ROADS

A development that will go along with aviation is highway transportation. Roads and expanding social organization have gone hand in hand ever since the Roman Empire. It is not too much to say that the highways the Romans built have done more to assure the continuity of civilization in Europe than any other one factor, for they kept communications open across national and provincial boundary lines, and all roads led to Rome, where peoples of all sections of Europe mingled and the cosmopolitan European was kept alive. The highways of the future will play a similar role in moulding the new cosmopolitan, the world citizen.

One great highway is already under construction from Laredo, Texas, to Buenos Aires, Argentina. It is the first link in a series of roads that will bind us to our southern neighbors as the trails that developed into highways and railroads linked East and West in our own country. Russia is building highways into its great eastern territories, winning its East as we once won our West, and already large sections of Asiatic Russia are gaining new populations, new industries, new dams, and new farms. Highways open up developments. When we think of the undeveloped resources of Asia and Africa we get a glimpse of the expansion of activity and trade we can expect as we open lines of travel into them.

ENGINEERS

Along these highways we can send men with the trained skills—the “know-how”—to help these peoples to get started on the way to developing their own capacities. Donald Nelson was appalled at the little progress in industrial development he found in potentially rich China, and he made the particular request of the President that he be sent back there to work out plans for its future production. This is a first

step in a series that may well see China and India and the rest of Asia progress industrially in the next twenty-five years as Russia advanced in the years between the two wars. Every extra dollar China makes and distributes in a higher standard of living to its people will be reflected in extra demands for our goods and services.

HOUSES

A fourth item in this budget of post-war expansion is the need in every part of the world, including our own country, for new low-cost housing. Britain has been forced by the destruction it has suffered from the rain of bombs to work out a program for new houses, and, in the process, has developed plans for dwellings to be constructed on more functional lines than any we have contemplated on a large scale. Such plans combined with city-planning on a greater scale mean much more than mere slum clearance. They mean a new standard of housing for everybody. The big mansion of the rich is now as outdated as the original Rolls-Royce; it is no more than a pretentious slum.

On even a conservative estimate, we can foresee enough new housing to be constructed to provide peace-time employment for hundreds of thousands of workers for many years.

The only condition is that we raise our sights high enough on all these prospects. If we check our imaginations by our fears, we shall drift into an inaction that will bring a disillusionment as much worse than that which followed the other war as this war has been more disastrous than that one. It will beget economic collapse which in turn will spawn its characteristic offspring of insurrection, revolution, demagoguery and the suspension of democracy. If we plan and act boldly, we have the knowledge and the opportunity to organize the world's resources for the greatest epoch of development the world has ever seen. Emancipation of our think-

ing will produce emancipation, economically and socially, for mankind.

UNCLE SAM OR UNCLE SHYLOCK

We cannot be economic isolationists and prosper any more than we can be political isolationists and live in security.

This is the first principle we have to lay to heart if we are to win the victory beyond military victory—the victory of the peace. We are already getting a preview in Greece, Italy, Yugoslavia and France of the forces of unrest that have been unloosed by the war. They are now held in by the fact that the war is still going on, but they indicate the swirl of conflict, fear, ideological bitterness and resentment which will gather when the war comes to an end. He must be blind indeed who does not see the storm of potential world-convulsion gathering within the shattered lives of the nations. We plead for no more than the direct interest of the United States when we propose that we adopt policies which will prevent that convulsion, and so prevent our nation from being swallowed up with the rest in catastrophe.

On the economic side, this points to two plain truths. "We must not let the next peace be such as to force the defeated nations to engage in economic warfare by the use of controlled currency, impossibly high tariffs and bilateral trade agreements," Wallace has said, adding, "the victor nations must also refrain from economic warfare."

Labor and agriculture demand, as they should, that they get jobs and security in the postwar world. They can have them, provided the peace makes possible an expanding world economy. To help create such a peace the United States will have to check all the pressures from within it to exploit other peoples, for while such exploitation may bring us immediate advantages it will impoverish the other nations, drive them to desperation, dam up the sources of our foreign trade, and ultimately induce poverty, insecurity and social unrest here.

We shall also have to check another kind of pressure, that which comes from groups which oppose any kind of international economic cooperation on the ground that those who propose it are engaged in making this country play the sucker to the rest of the world so that we shall end up by having given everything away and having nothing left for ourselves. Such people have a wonderful time ridiculing "visionaries" and "planners." They are so busy laughing at these synthetic jokes that they have no time to come to grips with facts, the harsh facts of bread and butter for American workers.

When Hoover was president, Congress passed the Smoot-Hawley tariff, the highest of our history. A representative and large group of economists sent a statement to Hoover setting forth how this tariff would dislocate world trade and plunge us into depression. It was a scientifically prepared document written and approved by experts in the field. It asked Hoover not to sign the bill. This petition was pooh-poohed by Hoover's business advisers and dismissed by him. He signed the bill. The result is history. Events went the way the economists said they would go and we landed in the great depression, with factories closed, banks imperilled, and, worst of all, American men, women and children hungry and without shelter.

The same people who advised Hoover to sign that disastrous measure are the ones who today are opposing once again all policies aimed at stimulating the free flow of world trade. They have learned nothing and forgotten nothing. They still have not come to terms with the plain facts that a creditor nation collects nothing but disaster out of hoarding its credit, but can collect substantial returns out of investing it wisely in other lands.

The inner reason for such blindness is not hard to seek. Such people do not have the capacity to think about business in any terms larger than their immediate self-interest. They are not concerned with the broad implications of economic

policy; they think always about how much they will collect and nothing more. They certainly never ask themselves whether any course they follow will put a little jam on the bread of the worker's child; they measure every decision by the single standard of what percent it will earn them. If they venture into the international field, they ask neither whether their nation will be benefited nor whether peace will be served; they ask only what dividends their international dealings will bring to their individual companies.

I attended the annual stockholders' meeting of one of the most powerful corporations in America which had been shown to have an arrangement with I. G. Farben Co. to divide the markets of the world between them so that together they could dominate prices and distribution of their particular product. Some minority stockholders raised the question of patriotism and social propriety of this deal. They were answered by officers of the company that it had proved profitable, which was all their concern. The closing speech of the debate was made by a stockholder whose argument carried the day: "We've been getting the dividends, haven't we? What's all the kicking about?"

There was only one thing to kick about. That company had delivered an economic weapon into the hands of Hitler which he used to cripple other countries on the European continent so that when he hit them with his armies they were unable to return the blow. But that was not the business of the meeting. It had only one business: to make sure the quarterly dividend was safe.

HOW TO TAME A CARTEL

This kind of agreement between companies in different nations to combine to control prices above competitive figures is what is known as a cartel. The companies have power because they have wealth enough to keep their competitors in line at home, and they multiply this power by combining to prevent competition among themselves and to

prevent the rise of any other competitor in the international field. They keep supply down so as to keep prices up. They exchange information about inventions so that they can take advantage of the patent laws to safeguard their processes against time- or labor-saving innovations. By mutual understanding, they protect each other in politics and so exercise what amounts to control of economic relations between countries.

These cartels thrive on scarcity and the timidity of governments. They oppose every move toward expansion of foreign trade because it will interfere with their policies and prices. They oppose any firm association of nations because it will prove more powerful than their association of companies. They manipulate international markets like invisible empires, and their motive is always the dollar and never human welfare.

The stories of these cartels are among the most sordid and cynical of our time. American firms bound themselves not to compete with German firms in South America, so that efforts of our government to draw South American countries closer to us have been thwarted because we could not do business with them. The cartels said: "No." German trade and German propaganda swarmed over Latin-America as a result. We are reaping part of the fruit in Argentina three years and a half after Pearl Harbor. What has happened in Argentina and all South America can be duplicated all over the world. Cartels were a chief weapon of the Nazis in preparing the nations for the kill.

Let no one dismiss this as something outside his experience. Cartels are the business of every one of us because war is the business of every one of us, and cartels are agencies of war. They are concentrated greed organized into international proportions.

We are all also affected by them not only as fomentors of war, but as disturbers of the orderly balance of our daily lives. They affect the farmer because they mean higher prices

for the manufactured and processed products he has to buy. They affect the worker because they mean higher costs of living and fewer chances to work. They affect the small business man because they control production and markets and so offer him unfair competition. They are the perfect instrument of the few profiting at the expense of the many.

Wallace has proposed a four-fold program to bring them under control:

"1. All international agreements involving American companies or their subsidiaries, and affecting our national economic policy, must be filed with the government. This should not confer immunity from prosecution under the anti-cartel laws.

"2. Domestic monopoly must be eliminated. If healthy competition exists, cartels cannot be formed.

"3. The amendment to the Reciprocal Trade Agreement Act, which permits action against cartels, must become a vital part of our national policy.

"4. Small and medium-sized business men must have access to technological advances, in order to maintain vigorous competition. Today these business men are unable to engage in research because they haven't the money to build and equip adequate laboratories. The government should provide research open to all, large and small alike. This policy would break the grip of cartels on technology and would provide facilities for experimentation and development in the fields of public health and military security, which, for various reasons, are not within the province of the private laboratory."

These four suggestions should be supplemented by full cooperation of the nations in economic mutual aid to produce an expanding world economy, for cartels flourish only on scarcity. The work of surveying the raw materials, production capacity, transportation facilities and potential markets of the world has already been begun by our State Department. It has gone far enough so that workable standards

and techniques of measurement have been developed. There is no reason why the General Assembly of the United Nations should not proceed to establish an Economic Bureau—to do the same sort of investigation in the economic field that the International Labor office did for the League of Nations in the labor field. On the basis of its findings, we ought to develop a safe and sane policy for balancing and expanding world trade looking toward the raising of the productive output and standards of living of the backward nations.

Once we in the United States see clearly how definitely such an international policy will insure our own prosperity and full employment, we cannot hold back from cooperating with it, but rather must take the lead as the wealthiest and most highly industrialized nation in the world.

CHAPTER XI

Sixty Million Jobs and Private Business

"PLANNING" BY BIG BUSINESS

BUSINESS spokesmen have been telling the American public that private enterprise can provide full employment. They say that they are planning for it, that the wave of spending which will follow the war will create enough demand for goods to keep everybody employed, and that new industries will develop out of the scientific advances made during the war. They hold out bright hopes of expanding business activity.

Business men are making their postwar plans. They are doing it as individuals, as industries, and through special organizations like the Committee for Economic Development. Many firms are wisely laying aside reserves from their war profits to take care of postwar reconversion. Thus they try to assure as many jobs as possible to their employes whom they will take back under the provisions of the Selective Service Act. There will be more jobs because of this kind of planning than there would have been without it. Just how many there will be is till an open question.

While some industries, like the clothing industry, can face the coming of peace with the expectation that demands for their goods will continue without much reduction, others are confronted by the serious possibility that peace will greatly reduce demands upon them. The Aeronautical Chamber of Commerce estimates that demands for airplanes will decrease from 85 to 90 percent, which will not only affect airplane factories but also cut down the demand for aluminum and magnesium to an alarming degree. Shipping is in the same class. We have trebled our ocean tonnage, and our problem after the war will be how to use the enor-

mous merchant marine we have rather than how to build new ships. During the war, we have developed a huge chemical industry to create explosives. It is hard to imagine finding use for anything like this in days of peace. We shall come out of the war with enough machine tool equipment to supply all our needs for many peace-time years. This list could be extended. We are not going to assure employment by going on just as we are. We have to be prepared to take up the slack that will result when some industries all but close down when peace comes.

Can business plan this? One difficulty is that there is no such entity as "business" in the sense of one enterprise thinking through and directing all finance and industry according to one coordinated plan. There is no such being as "business as a whole." We have a healthier condition than that. We have many businesses, each working on improving itself and each following its own methods to its own goal. "Business" plans nothing. Individual businesses make their own plans. The best we can hope is that all these taken together will employ enough people so that the total will be full employment.

Is this hope reasonable? If we leave the whole question to the business world, we can only answer that we must wait and see. Nobody is well enough informed to be able to give any estimate of how many jobs business will provide. Some concerns will plan, some will not. Some will plan well, others badly. Some will postpone their planning. Our railroads, for example, do not expect to place orders for new postwar equipment until at least six months after the close of the present conflict, at which time it will be possible to determine their postwar needs. This is prudent business, but while prudence is waiting to see, what happens to employment?

Business men cannot move into buying new equipment, planning high production and expanding sales organizations unless they can have some assurance that there is going to

be a steady and large market for their products. They have to have confidence in demand before they will gamble heavily on supply. This has to rest on a firmer base than bland optimism.

There are evidences that some business interests are out to "sell" the country the idea that we can have an expanded economy if we only wish for it hard enough. They are giving us "pep talks" about how good we are, and telling us that we can lick the future as we have always licked the past. They are saying: "America is a team. We are the coaches. We know the game. Let us map the strategy and call the plays, and nothing can stop this country."

This is dangerous folly. It will not solve the basic problem, and business men will reap resentment from the reaction that will come when the public finds that it has been oversold.

The first essential for a revival of business is an assurance for each individual business house that it can plan its output for a market supplied with purchasing power by full employment. Uncertainty about markets will paralyze the will to expand. The business man, urged to take back veterans into his employ and to keep all his machines producing at a maximum, will naturally reply: "Tell me where I can sell my products and I will gladly make all I can. But I am not going to risk all I have, to pile up goods that will collect dust in storage because nobody has any money to buy them."

The conventional first answer to this is: think of all the money people have saved during the war which will pour out for civilian goods as soon as the war is over.

These savings constitute one of the legends of our period. We hear somebody say that our people have made war savings of 200 billion dollars, and we think of them as a golden flood of immediately spendable money that will spill into our markets as soon as the dams of wartime controls are removed. This is a false picture. This fabulous sum of so-called savings includes decreases in our pre-war debts, increases in insurance, and larger volumes of liquid assets in the vaults

of the higher income groups. None of these items will be translated into immediate purchases.

What boom in purchasing we get after the war will come largely from people in the income brackets from \$5,000 down. They do have extra money and a great many unsatisfied desires. They are looking forward to a new automobile, a better radio, a modern refrigerator, and other conveniences they have never had but always wanted.

The Federal Reserve Board estimated in June 1944, that these families will have in the neighborhood of 40 billion dollars to spend at once.

They are not all going to spend all they have at once, however. A public opinion survey on owners of War Bonds revealed that all of them wanted to spend, but that only 11 percent were going to spend right away, while 73 percent were planning to hold their bonds until they see how things are going. United States Chamber of Commerce surveys report that a million and a half families intend to buy or build new homes, that three and a half million expect to get automobiles, and so on down the line for furniture, washing machines and similar items. These surveys balanced against each other indicate that the Americans will continue to be their familiar selves, torn between the desire to buy and the urge to save. There will be no basic change in the buying habits of our people. They will spend some of their 40 billions, but we are rosy optimists if we think of the immediate boom it will create as a sufficient substitute for long-term planning.

Our dilemma is this. The manufacturer will produce if he can be sure of a market. The consumer will buy if he can be sure of security. Both will go into action if we can supply a basic ground for confidence. That necessary confidence can be summed up in one phrase: assurance that we shall have full employment so that unemployment shall not again become a national problem. If we can have this,

both the manufacturer and the consumer can plan for abundance.

Unless we can have this assurance it is impossible for business to promise what it will do. It would be almost suicidal for business to raise hopes that it cannot fulfill. We are almost bound to have a period immediately after the war, lasting from weeks in some industries to months in others, when reconversion of plants will throw many out of work. Our problem will be to hold steady while this is going on, and to be prepared to swing into production as soon as it is over. To carry through this period, we shall have to create the fullest possible cooperation among all factors in our economy, including both business and government.

We can agree that business wants prosperity, and that business men will do all they can to create it, but a realistic appraisal of the situation would conclude that business working alone cannot assure the full employment basic to a stable working economy. It is doubtful that it can absorb the immediate shock of the end of war purchases, let alone provide for permanent employment afterwards.

CHAPTER XII

Sixty Million Jobs and the Beveridge Plan

HENRY WALLACE—SYMBOL OF FULL EMPLOYMENT

WALLACE'S enemies have unwittingly made his personality the symbol of full employment after the war. His friends could have done no more for him. It is one of the ironies of his political life that he, who most would like to subordinate personalities to policies in all discussions of public affairs, has become a controversial personality himself. He is more in the public imagination than his own simple estimate of himself permits him to realize. He is making articulate what the masses would say if they were able. They identify themselves with him and so he becomes the voice of many more than himself. He speaks for the plain people. He is more than an individual. He is the symbol of a cause—a cause which many interests do not understand, and some fear. They are not afraid that he will fail, but that he will succeed.

This accounts for the storm that rages around Henry Wallace. But the real issue behind the storm is likely to be obscured. That issue is not communism. Henry Wallace has read Karl Marx, as every intelligent student of our times has done, and he has been influenced by the Marxian analysis of our economic structure, as every thoughtful person of our times has been, but he is not a Marxist. He has followed the story of Russia in the past thirty years with the same intense interest that every vital person has had in a decisive contemporary revolution and the subsequent social experiment that has changed the living conditions of nearly two hundred million people. But he has not been so dazzled by it that he has lost his power to estimate it in terms of the

actual conditions which created it, and which it has improved so much.

He has never confused Russia with the United States, or the social pattern of Russian society with ours. Consequently, while he has given Lenin and Stalin full credit for their achievement in their own country, he has never been a Leninist or Stalinist. When one of our influential metropolitan newspapers asserted that Wallace had gone to Article 118 of the Soviet Constitution for the inspiration of his full employment proposal, it was completely misrepresenting the sources of his thinking.

He grew up in farming territory where most farmers had a permanent mortgage on their farms. Every five years or so, they would have poor crops, and the banks would foreclose the mortgages. Then they had to negotiate new ones. Theirs was an endless uphill fight against back-breaking interest and the fear of losing all they had worked so hard to save. This was the source of the persistent farm revolts against the financial interests of the East which expressed themselves in movements like the Populist Party and through spokesmen like William Jennings Bryan and the senior Robert LaFollette. We have already seen how Wallace's own grandfather made himself a voice protesting against the interests he thought were operating against people who made their living by agriculture.

Anyone familiar with the prevailing insecurity of the people among whom Wallace lived in his youth, and with the ferment of protest continually stirring their discussions, will need no further explanation of his preoccupation with the problem of security. He grew up wrestling with the question of why people living on the rich lands of this continent could not live without economic fears. The stimulus of his thinking does not come from a document in the Kremlin, but from his observations of the people he knew in Iowa. He sees the problem of security as an American problem to be solved here by methods native to Americans.

As he moved from Iowa into the wider arena of our national life, Wallace discovered that this same insecurity existed among the workers in industry. As he had not been able to explain why people on the fertile soil of Iowa could not live without fear of penury, so he could not reconcile himself to the idea that those who worked with our marvelous productive machinery necessarily had to be condemned to insecurity. He was haunted by the idea that the United States was rich enough to provide security for all its citizens, yet did not.

Now, under the impulse of war, he has seen our national over-all income rise to \$200,000,000,000 a year. He has seen farmers and workers prospering. This ties into what he has been thinking. It is a demonstration that we have the wealth and the resources to create employment for all. He proposes that we employ in peace as we have done in war, and so rid our farmers and workers of the dread specter of fear which has shadowed their lives and homes.

He presents a clear issue: can we supply full employment for our people after the war? The President declared in his Chicago speech during the 1944 campaign that we should guarantee 60 million jobs. Can we do it? Wallace believes that we can. But first let us look at the background of the problem.

BEVERIDGE ANALYZES BRITAIN

The straightest and most thorough thinking that has been done on this question has been by an Englishman, Sir William Beveridge. His name is familiar to us in connection with the Beveridge Plan for social security based on his first book, *Social Insurance and Allied Services*. His plan, however, rests upon a more fundamental concept which he has developed in his more recent book, *Full Employment In a Free Society*.

This is a book about Britain, but it has a direct message for us. Beveridge has gone into the situation so thoroughly

that this book is actually a case-study in the evolution of an industrial society.

Britain was the first nation to grasp the opportunities of the Industrial Revolution. It used its rich natural resources to gain an unprecedented volume of world trade upon which it built a great empire, and established itself as the most powerful nation on the planet for a hundred years.

It was rich—accumulating a volume of capital that made it the leading creditor nation. It was prosperous—steadily raising the standard of living of its people. It was powerful—with a Navy patrolling the seven seas—the final word in the balance of international power. It was economically dominant—its credit and its markets were sought by all other peoples and the pound was the standard by which all other currencies were measured. In all history we should have to search far to find a parallel for the Britain of the Victorian Age to which all the world paid tribute.

But that Britain is no more. It has exhausted much of the natural wealth on which its power rested. It has known the dreadful decade between the wars when a fifth of its workers were unemployed and whole sections of its island were desolation. It has run the gamut from brash exploitation to apprehension. It is Exhibit A in the laboratory of industrial experience, and its deterioration in machinery and wealth has driven it to a new inventory of its resources in terms of people. Its history is required study for every industrial power.

Beveridge has written an incisive chapter of that history. He does not blink the fact that Britain was, and to a large extent is, a prefascist country: in Britain the same factors are present that precipitated fascism in Italy and Germany. He has set himself to find a non-totalitarian answer to conditions that elsewhere drove countries to totalitarianism.

His findings are important for us because we too are a pre-fascist country, with the same basic insecurity and wide-

spread economic fears that stampeded other peoples into totalitarian experiments.

Certain writers among us can dismiss him for themselves by fishing out of their vocabularies miasmic phrases like "a climate of freedom in economic and political affairs," and the "vision of material abundance and social welfare and the noble defense of human freedom to be found in the utterances of Milton, Locke and Smith," and tell us that it would be a tragedy if we turned our "back on our own great past." But there are people among us who remember standing in line for a bowl of soup more vividly than they recall the *Areopagitica*. And there are young men and women in our fighting forces whose most vivid memory of youth is of the days of twelve to fourteen years ago when they were suddenly hungry and there was no food. Let no one forget that the fighting men of our war today were the children of the depression. Millions of them knew poverty as no other Americans who ever lived have known it.

For a few brief years, we teetered on the brink of fascism when voices like those of Father Coughlin and Huey Long were among the most potent in the land. Those days can return if we do not plan the future differently.

There are social forces broader than national boundaries and greater than individual men. It is of these that Beveridge speaks. It is his definition of them that makes his book as full of meaning for the United States as for Britain. When he analyzes his own country, he is, in a profound sense, analyzing us.

SPENDING FOR FULL EMPLOYMENT?

He begins by taking an unblinking look at the facts of unemployment before 1914. He scrutinizes them with clear eyes. Then, as an economist and an experienced public administrator, he writes a full employment plan for a *free* society keeping the price system and freedom of choice of occupations by individuals. He does not try to imagine a

world in which human nature is made over. He stays by the old routine of wages, prices, industrial discipline, and the incentives of the traditional system. He does not advocate socialism. He by-passes the capitalism-socialism debate altogether to set forth a program for a socially subsidized and reinforced economy, retaining vital characteristics of capitalism, but managed and directed to provide economic security within a free state. He reasons that the only way in which we can make sure that a free state will stay free is to provide our citizens with the material essentials of the good life, and thus remove the revolutionary dynamic, fear of want.

His definition of full employment is simple enough: "It means having always more vacant jobs than unemployed men, not slightly fewer jobs. It means that the jobs are at fair wages, of such a kind, and so located that the unemployed men can reasonably be expected to take them; it means, by consequence, that the normal lag between losing one job and finding another will be short. The proposition that there should always be more vacant jobs than unemployed men means that the labor market should always be a seller's market rather than a buyer's market."

One point to notice in this definition is its allowance for workers shifting from one job to another, and its recognition that there will always be some sort of time lag in this process. Beveridge envisions a flexible labor market: full employment does not mean every worker at work every day. He is ready to take into account a margin of fluctuation in employment.

This will allow for seasonal variations in employment and for variations in demands by foreign markets, as well as for what he calls "frictional unemployment," changing jobs. His study of Britain's experience gives him a figure of 3% of workers who may be unemployed at any given time even under his plan. This compares with 10% to 22% unemployed during the years between the wars in Britain.

In the United States, 3% unemployment would mean 1,800,000 unemployed, as compared with from 8 to 17 million

in the past twenty years. We are a larger country than Britain, with greater seasonal fluctuations, higher standards of wages, and a more restless and mobile labor force. So our percentage of unemployed might rise to 5% on occasion, which would mean 3,000,000 unemployed. These are not alarming figures, and they would not mean the same people permanently unemployed. Our social insurances should take care of them without strain.

Now, how does Beveridge propose to get this full employment?

He begins with this contrast. We have solved the problem of production, he says, but we have not solved the problem of consumption. We can make enough things to meet all the problems of consumption. We can make enough things to meet all the reasonable needs of all the people in the world, but we have not developed a method for making sure that everyone can get all he needs. We have no difficulty with supply. Our factories and men are idle because we do not have demands enough to use up all we can supply.

Therefore, he devotes himself to finding out how we can increase demand—how we can have more people able to buy more of the things they need. When winter comes, our tailors can make overcoats enough to keep all of us warm, but some of us cannot afford overcoats, and so the tailors do not make all they can. How can we make sure that everybody who needs an overcoat will buy one? Beveridge proposes a plan of action that will ensure that every potential buyer has the money with which to buy.

He calls the money necessary to keep up the demand for goods, "outlays," and says that if only we can keep our total outlay high enough it will create and continue a rate of demand that will call for so many goods that there will be work for everybody making them. In general, he divides outlay into two kinds: consumption, that is, the money we spend directly for buying things we want—spending money; and investments in factories and machinery, that is, invest-

ments actually and actively at work making more and more things, and thus expanding our economy.

He suggests that we keep our total outlay up by using public funds when, and to the extent, necessary. He would socialize demand. He does not propose to socialize industry. The resulting system would be neither an entirely private nor an entirely public one. It would be a "mixed economy."

A REAL NATIONAL BUDGET

In line with his, he suggests that we set up a budget of total national expenditure, including public and private expenditures. This would not be like our traditional Treasury budgets, merely an accounting of public income and public debt, but a real national budget including our total enterprise of all kinds, and accounting for private wealth and indebtedness as well as public.

This budget would have five divisions:

1. Private consumption outlays—how much money will we spend to buy things we want?
2. Private investment outlays—how much will we put into new factories and machinery?
3. Balance of payments abroad—how much will we spend in foreign trade markets?
4. Tax financed public outlays—how much will the government spend from tax moneys?
5. Loan financed public outlays—how much will the government spend from public loans?

If, when we add these five items, the total is not enough to finance full employment, the state must take responsibility for adding enough to make it adequate.

The government can get the necessary money for this from only two sources, taxes and public borrowing. So there are three roads it can take.

It can increase public outlay with no change in the tax rate. This would mean a Treasury deficit, but an increase in demand for goods with the resulting increase in private

investment. Whatever savings the people might make because of increased employment would be absorbed by government loans and capital investments in new plants and improvements of old ones.

It can increase public outlay and increase taxes. This would mean a slower rate of advance toward full employment, because the rise in taxes would take some of the money people would otherwise spend in buying things. This lesser spending in turn would slow down expansion of private investment. The government would have to spend extra money to offset this, and so it would ultimately result in a larger public outlay than the first plan.

It can keep public outlay unchanged and reduce taxes all around. This would release what is now tax-money for making purchases, but, if done on anything like an adequate scale, would result in a larger Treasury deficit than we should have under the first possibility.

The most feasible and, in the long run, the most economical road to take is that of keeping the tax-rate stable and increasing public borrowing.

Such participation by the state breaks with two traditions of our Treasury budgets. We have always said that state expenditures must be kept at a minimum, and that government income and expenditures must balance each year. These principles could be maintained in an agricultural and even a semi-agricultural way of life. But the increasing complexity of our modern industrial society presents us with hazards of such magnitude and on so broad a social scale that they are forcing us to re-examine the functions of all our institutions, and, among them, the function of public finance.

Boldly operated, public finance can move through the first stages of increasing debt toward reduction of cyclical fluctuations of business with their financial losses and human suffering to an expansion of consumer demand that will stabilize private investment. The reserves thus created can then be used to reduce the accumulated indebtedness. The crucial

issue is not whether we shall increase the debt, but whether we shall reorganize our way of living so as to reduce its inner weaknesses which have brought other nations to despair and tyranny.

Our basic weakness is chronic deficiency of demand. We can alleviate this temporarily by raising outlays on current services. We can have partial remedies for emergencies by preparing plans for public works that we can undertake when private business falls off. But these are expedients rather than cures. We shall have to go beyond them to the idea of directing our total outlay toward an ever higher standard of living that will get for all of us the utmost possible out of our productive resources. This direction—the dynamic of expansion—is as vital as adequate total outlay. Taxes and budgets have to be used as instruments of broad social and economic policy.

At present, taxes and budgets are used to perpetuate the present distribution of wealth. They are by their nature social instruments. A program of full employment proposes that they be used to assure all our citizens of jobs and stable incomes.

DECENTRALIZATION OF INDUSTRY

We have said that this plan does not contemplate socialization of industry, but this does not mean that all factors affecting the administration of industry lies outside social interest, and the government will have to exercise control where it is necessary to serve social ends. Beveridge believes, for example, that location of industries is a matter affecting public interest.

His studies lead him to an interesting discovery. Labor moves freely from industry to industry, but not from region to region. For this, as well as other reasons, industry tends toward concentration in certain areas. So we have the characteristic large centers of population in the modern world, resulting in congestion, higher mortality, housing problems

and crowded transportation. These add to the costs of the community and of doing business. He believes that these social costs more than outweigh the individual advantages of the businesses located in the great centers. Moreover, he points out that dispersal of businesses over wider areas is a first aid to national defense because they are not as easily subject to disruption by attack from other nations. Therefore, he proposes that the government shall have authority to decide where industry shall be established in line with a comprehensive population and production plan for the whole nation.

As a corollary to this, he suggests an organized mobility of labor. The inertia of a working population, particularly in an old country like Britain, keeps them in one place, and children continue to live and work as their fathers have done. This results in the deposit of many workers in blind-alley occupations. He believes that they, particularly juvenile workers, should be directed into expanding industries rather than allowed to drift into static ones. This would mean removal of restrictions on entry to specific trades and overcoming individual reluctance to changing jobs. This is not regimentation. Most workers would stay where they are, but opportunity would be provided for those who were willing to accept employment guidance from government offices. It would provide flexibility of labor supply and sufficiency of demand organized for effective social results. There is always a margin of floating labor. This plan would keep it flowing to regions and jobs where it is most needed.

FOREIGN TRADE

His final suggestion is national management of foreign trade and investments. Of all the five divisions of the proposed national budget the most uncertain is the balance of payments abroad, because foreign trade is subject to influences outside of the control of any one government. There are underlying factors, however, like the tariff, extensions of

foreign credit and rates of exchange, which are subject to government decision. These he would stabilize as far as possible, always keeping in mind that home prosperity depends partly upon foreign prosperity. Overseas trade would be regarded as a method of raising standards of living around the world rather than of exporting poverty.

Thus he bases his planning for full employment on four propositions: a national budget of a new kind covering both private and public enterprises to provide an adequate total outlay; controlled location of industry; organized mobility of labor; and national management of foreign trade and investments. To carry out his program, he would provide national planning at three levels of administration: a department to plan total outlays; a department to ensure the best possible value by efficient administration; and a third department to make the outlay.

These departments would operate as parts of the whole government subject to elections and the popular vote; and the basic civil liberties of freedom of speech, conscience, and action would be retained.

CHAPTER XIII

Sixty Million Jobs and Special American Problems

PATENTS FOR MONOPOLY OR PROGRESS?

AS we have said, this report is instructive for us. Nevertheless, our conditions are not identical with those of Britain, and we would have to translate such a plan into terms compatible with our needs.

Our understanding of the forces that tend toward the production of monopolies and cartels impels us to examine the place and function of inventions and patents more closely than Beveridge does. One of the unexplored fields of social study in our technological age is the stake of society in its inventions. Has any private industry a right to prevent exploitation of an invention because it might injure its present inventories and compel a reorganization that is immediately inconvenient but ultimately of benefit to the community? Is private industry alone to decide what inventions shall be developed and what shall not? Are our inventors to be at the mercy of interests which have the resources to buy them out? When a government issues a patent, shall it give outright ownership to the individual or the business so that they can bottle up its advantages, or does the power to issue patents carry with it the right to insist that it be used for the public welfare?

Our wealthy corporations maintain extensive research laboratories in which they employ the most highly trained men they can find to carry on continuous experiments in the fields affecting their products. This enables them continually to anticipate individual inventors working independently and with limited resources. The result is that these big corporations get the first patents for the inventions of their research men, and these patents are the properties of the com-

panies. Thus they maintain what is practically a monopoly of invention in their own fields. Some of their inventions are put to use to improve service, but many of them are simply filed away, and these include the really important ones that might revolutionize the industry's methods to the advantage of the public and of society at large. Patents are used to control the industry, not to expand it.

There is no reason why an individual or a corporation should not profit from inventions. There are many good reasons why they should not have the sole decision as to whether an invention shall be immediately applied. At present, the ground of their decision is their individual profit, and so when public and private interests conflict, the public suffers.

This would mean that, within the department of the government responsible for planning an over-all national budget, we should have a Bureau of Inventions which would have power to decide the terms on which patents should be issued. It would safeguard the royalties of inventors, but it would rule on what patents must be immediately applied in given industries, and would give all concerns in a given industry equal access to improvements. Thus industry could expand with the rate of invention.

The power to issue patents clearly carries with it the power to regulate their use in the public interest.

OUR INDUSTRY—A STREAMLINED GIANT

A second point at which the Beveridge idea would have to be examined for its pertinence to our American scene is that our industry is more mechanized than that of Britain. This is a matter of degree, but it is a real difference.

We have brought industrial production to the highest peak it has yet reached in the world. We are equipped with the finest machinery. We operate on a tremendous scale. Experience in the war, particularly in the rebuilding of wrecked transportation systems in liberated countries, has

demonstrated that we have a peculiar genius for mechanical achievement.

This extra mechanization gives us an advantage in planning for full employment because it reduces the factors of uncertainty. We can be more precise in measuring the output of a machine than in estimating output that has to be weighted heavily with differences of individual capacities, uncertainties of health, absenteeism, and other human frailties. An expert can tell us what the output of a highly mechanized factory will be in a given time almost down to the last unit.

This offsets to a large degree the disadvantage we have of being so vast a country. Britain is still "a right little, tight little isle." We are a continental nation with three times the number of people to consider. But our greater size is balanced by our equipment. We started later than Britain to develop our transportation and our resources. We profited by some of its mistakes. We began with more modern machinery. We have built machines on a scale to match our vastness. We have developed methods of distribution and marketing to serve our national community. Individual businesses have been through their periods of experimentation and have learned how to organize on a national scale. This experience is available for national over-all planning.

The government has always had its part in opening and developing ways for business to become national. It gave lands to the railroads as they spread across the continent, and allowed for special rates on freight for infant industries at special times. It built transcontinental highways which are essential for trucking over great distances. It maintained the Post Office for mail orders to go from factory to consumer. It enacted tariffs to help specific industries build up their home markets. All these were legitimate aids universally accepted in the days when government help was necessary to get our business going on a national scale.

We have turned that corner. We now face the second

problem—that of organizing consumption on a scale adequate to make sure that all our people will benefit fairly from our production. Our machines can do so much that, unless demand is maintained, they will throw men and women out of work, and thus create poverty instead of well-being. As the government planned its aid to industry struggling to develop production, so it now must plan its aid to consumers struggling to assure their access to products.

REVISING OUR TARIFFS

A third difference between us and Britain is that we are not as dependent upon foreign trade. The "little island off the Dutch coast" necessarily has to seek many of its markets and sources of supply outside its own limited borders and population. Something like fifty percent of its trade has to consist of imports and exports. By comparison, we have to maintain a proportion of about ten percent.

The first thing to say, however, is that we do have to have this ten percent. We are dependent upon foreign trade to the extent that we cannot have prosperity without it. The Smoot-Hawley tariff got us into plenty of trouble; and it upset the world economic balance and contributed to the causes of the war. We cannot plan full employment without finding a way to stabilize our foreign trade as far as possible.

Beveridge accounts this stabilization one of the most difficult achievements of his proposed plan. It is subject to influences outside any one nation. Our problem is simpler to the extent that our dependence upon it is less. It is also simpler because we are in so strong a position as the world's chief creditor nation. Other peoples will want to sell to us, and they will have to borrow from us to get on their feet, and buy from us to keep their credits.

The searching question that this will raise for us is how we are going to revise our tariffs in the interest of stabilizing world trade—which is just as essential for us as for the debtor

nations. This will not be so difficult to answer if we fully grasp the implications of our new status.

Our high tariffs have had two justifications. They protected infant industries here against the flooding of our markets with goods from overseas. And, as long as we were in debt to other nations, it was to our advantage to sell to them and not buy from them.

Both these considerations must be reconsidered. We are no longer protecting infant industries. Our industries have attained a high degree of efficiency and economy of operation through machinery and mass production. Consequently, high tariffs now merely operate to shield them from legitimate foreign competition which would stimulate them to more efficiency. Tariffs have become protection of special privilege.

This does not mean that we should discard all tariffs all at once. It means rather that we should scientifically examine our tariffs and put them at a level that will assure the maintenance of our high standard of living, but will not prevent other nations from having a fair chance to compete with our industries in the open market. Theodore Roosevelt proposed such a revision of our tariffs thirty years ago. As nearly as possible, tariff rates should be just high enough to make sure that foreign products enter our markets at prices equal to our own, so that the competition will lie where it belongs—in quality of merchandise. This will enable other nations to sell to us, and so get enough money to buy from us, enlarging our foreign markets more than enough to offset what loss we may have to take at home.

One effect of such a revision of our policy would be to raise living standards overseas. This would be decidedly to our advantage, for rising standards of living means increased demand all along the line. Widespread poverty in Europe, Asia and Africa has meant that enormous potential markets have been closed. A business friend of mine says that he would be willing that anybody else should have the shoe sales in China. If the Chinese could all afford to buy shoes, he would

be satisfied with the shoe-lace concession. One of the reasons we in this country have enjoyed the standard of prosperity we have known is that we have the largest free-trade market in the world within our own borders. If we can expand the volume of demand around the world, we shall enter an era of unprecedented activity. It is not to our advantage to keep other peoples poor. As they prosper, we shall prosper with them.

Another effect of revision of our foreign trade policy would be to enable other nations to pay their debts to us. We still have a bad taste in our mouths because some nations repudiated their debts after the last war. But we have never frankly faced the fact that it was our policy of refusing to let them do business with us that made it impossible for them to pay us. We would not buy anything from them. We would not let them borrow from us. Then, having shut off from them any possibility of getting money from the only nation that had any, we scolded them for not meeting their obligations.

The effect of our policy was to garner the world's gold in a hole in the ground in Kentucky, disorganize world currencies, force money off the gold standard, and create the economic vacuum into which we all plunged in the depression.

The possibilities for a greater spiral of the same sort precipitating us into a more disastrous pit are on hand today. If we follow our old line of high tariffs and economic isolationism in our present situation, we shall end by possessing all the gold in the world, with every other nation bankrupt, and our own people parading past idle factories to kitchens handing out bowls of soup and crusts of bread.

Our handling of our foreign trade is more than merely taking care of ten percent of our total volume. It involves stabilizing all world trade without which we cannot hope to maintain our standards of life. It is nothing to be left to pressure groups and selfish interests wheedling a patchwork act out of dependent congressmen. It is a scientific job to be

thought through and planned by experts considering the national scene as a whole, and viewing it against the background of the world's economy.

"THE WORLD'S HIGHEST STANDARD OF LIVING"

A fourth difference between us and Britain is our higher standard of living. This is so much a part of our tradition and our pride that it is bound to operate as a psychological consideration in our approach to planning. Moreover, since all prices and rents are conditioned by it, wages must be an important consideration in any program of public works or public subsidies. Britain can aim immediately at raising its substandard wages which prevail through much of its industry. We should aim at correcting substandard wages where they continue, but our larger problem is that of maintaining the economic and social gains of our workers at their present levels.

We need, however, a new examination of what we rather glibly call "our high standard of living." What we mean by it is that our workers get a higher wage *when they work*. Our hourly rate is higher than that of other countries, but we misread the situation if we think that this means that American workers live in security and luxury compared with those of other countries.

Our miners, in spite of the long and bitter struggle for improved conditions, still live in company-owned shacks clustered around mines that work only a fraction of the year. They still have to buy their necessities at company-owned stores, and come to the end of the year in debt. Their hourly wage is high, but their annual income is low.

Our agricultural workers are engaged in a highly seasonal occupation. While they draw good pay for the months they are employed, they are out of work for months, and end any given year either in debt or just scraping by. The same is true of many of our small farmers, who borrow heavily in the winter and spring against their expected crops, and who

come to the close of most years owing the store and the mill, and being heavily pressed by the banks on their mortgages.

The true measure of income is not a man's hourly wage, but his annual income, and a large proportion of American workers have by no means a high standard of income on this reckoning.

Our so-called white collar workers get annual incomes in steady jobs, but their wages are low to begin with, and they are the last ones to be adjusted in times of rising prices. They actually suffer hardship when the country is having its periods of prosperity.

Moreover, the workers are the worst sufferers when depression comes. They are the people who are fired. When we had 17,000,000 people out of work in 1930-1933, with hundreds of thousands living in dumps and makeshift shelters while other hundreds of thousands were trekking across the country in old cars seeking warm climates, talk of our high standard of living was irony of a peculiarly bitter sort.

The point is that our high standard of living is not stabilized. To stabilize it is our next job. This is where the demand for assured annual income comes in. It will remove the hand-to-mouth kind of existence that our workers now have, and will strengthen the foundations of our whole economy. Unemployment insurance is better than nothing, but basically it is makeshift and inadequate. It pays the worker less than he would earn if he were at work. No worker, dependent upon the whim of ownership, the efficiency of management, and the general level of an unregulated economy can sit down on any January 1, and forecast with approximate accuracy what he will receive as income in the next twelve months.

It is totally unrealistic for people with assured incomes and comfortable securities to sit back and criticize workers for improvidence. They live in conditions that prevent their cultivation of the habits of providence. They are subjected to a continual barrage of advertising to sell them conven-

iences and to get them to borrow money on what sounds like easy terms. When they have committed themselves to a spending program, and then are thrown out of work, every instrument of coercion is brought into play to make them meet their obligations. First, their savings go in the effort to hold on to the goods they have, and then the goods on which they have made payments are taken away from them, with no restitution of any of the funds that have gone into keeping the payments up to date. Society has organized all its instruments for taking money and things away from them, but it has failed to organize means for assuring that they shall receive adequate and continual income.

Income is what decides a standard of living. The United States has proved that it can provide a high standard of living at intervals. It is time for us to organize to provide it permanently. President Roosevelt recognized this by ordering a study to be made of annual incomes for workers.

"THINE ALABASTER CITIES GLEAM"

A fifth difference between us and Britain is that our country is not as densely populated. This means that the need for controlled location of industries is not as urgent, but the need does exist. We have a freer hand, and can do a better job on distribution of population and, where industry has to be concentrated, on correction of population evils.

Certain great industries like coal and steel have naturally centered in the areas where ore is found. Metropolitan cities like New York and San Francisco have inevitably grown around magnificent harbors. Tremendous market and communications centers like Chicago grow logically at points where carriers of produce and manufactures meet geographically.

As a result, we have two questions to answer: how can we prevent evils of waste and bad living conditions in huge centers of population that are bound to develop, and how

can we prevent unnecessary development of unwieldly cities where they are not necessary?

The answer to the first question is city planning, in which we have dabbled, but with which we have never done a thorough job. Rockefeller Center, the Empire State Building and the Chrysler Building are eye-filling architectural achievements, but they make for waste and human indignity because they dump their hundreds of thousands of employes on the streets at the same time, and so put an extraordinary strain upon all subways, busses, taxis and general traffic, to the disadvantage of every human being caught in the melee. They are only impressive monuments of conspicuous waste. What they pay in taxes they almost cost the city in the problems of concentration they create.

Another kind of economic and human waste which cities try to keep inconspicuous is that of slums and inadequate housing. New York is a seaside city with all the sunshine and sea-laden breezes it could possibly desire. Yet there are houses within a stone's throw of the bay, and others as close to the glorious fjord of the Hudson River, into which the sun never shines, and to which the breezes bring little more than an extra layer of accumulating grime. And this is true not only of the disreputable tumble-down housing relics of the poorer sections, but also of the most expensive apartments with Riverside Drive, West End Avenue and Park Avenue addresses. Our city psychology has made a fashionable address more important than sunshine.

Still another kind of waste that characterizes many of our cities is locating industries, which could flourish elsewhere, in their caves and catacombs. Surely one of the most inexcusable follies of our civilization is putting the needleworks trades in lower New York. Every firm has to pay an exorbitant rate to get an office with a northern light so that it can tell the color of the goods it buys. Then it has to pay a further extravagant price for the attached offices in which workers labor over needles, thread and sewing machines of

many designs and complexities by artificial light for which the company has to pay a utility company. If any business ought by all rules of logic to be out where the sunshine fills the factory, it is the needlework business. Wise city planning, which includes planning for human beings, would correct this folly, to the advantage of every worker and of the city itself.

This carries us to our second issue, the prevention of new concentrations of population where they are not necessary. I saw Detroit pass through its most spectacular period of growth. There was no reason on earth why its factories could not have been so located that they would have developed around them beautiful garden-cities in the Michigan countryside. Instead of that, acre after acre was absorbed into monotonous and ugly streets lined with meager houses without gardens — a monstrous sprawling expansion that condemned every family caught in the growing automobile industry to live in dirt and insecurity.

While the automobile industry was expanding, the Michigan-Ohio area in which it centered took on something like a fabulous aura. Kentucky and Tennessee sent carloads of their mountaineers to the new El Dorado, and other States added their contributions of citizens determined to get rich quick. Rows of new houses, thrown together in the twinkling of an eye, covered the erstwhile green fields like flies settling on sugar. Henry Ford paid unheard of wages and was acclaimed the prophet of a new order. This seemed like the magic of an unprecedented economy, and the automobile industry blew its horn to the four winds.

Then came the depression, and Detroit was confronted by a quarter of a million workers on its streets without pay or any prospect of it. Flint was a ghost town haunted by thousands of specters demanding bread. The automobile companies washed their hands of responsibility. Obviously, they said, the job of feeding people out of work belonged to the municipalities. Gaunt men and women stalked the once

booming avenues, to find their places in the long lines moving toward soup kitchens.

These were mainly men and women of the soil, drawn from farming territory. But the get-rich-quick automobile cities had given none of them enough land on which to plant a garden. There had been a few "visionaries" and "long-haired professors" who had suggested in the early days that thought be given to providing every worker with an acre or two, but the "hard-headed" and the "practical" had brushed them aside. Real-estate prices zoomed so high that they could see nothing to do but to cash in on them for every possible inch. The result was that Detroit and its sister cities nearly went bankrupt, and could not afford to take in for taxes the houses they had put up so carelessly.

We are not as densely concentrated as Britain, but we have areas of concentration that have no justification in either general welfare or economic efficiency. We have a chance in the post-war era to do something about improved planning for our present cities, and distribution of our new industries so that they do not aggravate the problems of our present congested areas. Controlled location of industry could become a distinct aid to a happier and more efficient America.

BUSINESS BEGINS TO THINK

Our sixth difference from Britain is that our financial and industrial leaders are less ready for change. Twelve years of depression finally convinced British industrialists in the early thirties that they had better do something to relieve the chronic breakdown of their business institutions. As one British industrial leader said to me, "We decided that we had better take the three percent we could get than plan for ten percent and get nothing." This marked a turning point in British thinking and policy. Once they turned this corner, the British industrialists found it easier to go along with suggestions for nationalizing the mines, unifying the railways,

and providing a full social security program. They had faced economic collapse and they did not like the way it looked.

Our older financial and industrial leaders have never turned this corner. They still think they can do business at the old rates, and satisfy the workers with a few crumbs handed down in times of crisis. Their whole frame of mind is that of the nineteenth century.

They are our greatest handicap because they still control our means of communication and so are able to swamp most of our thinking with their slogans and propaganda. They were licked by the great depression and begged Roosevelt almost on bended knee to save them in 1933. He put through his program of recovery over their opposition, and did save them. By 1936 they were denouncing him as the arch-betrayer of American institutions, and they have progressed in vituperation of him ever since. They are a formidable block in the road toward an enlightened economy.

If all our business and financial leaders were like this, our outlook would be dark. There is a new leadership arising, however, made up of men to whom the experiences of 1929-32 were not just an inconvenience but an education. It finds voice in a man like Beardsley Ruml, chairman of the Board of the Federal Reserve Bank of New York, who consistently maintains that our industry can provide 54 to 56 million jobs after the war, and that Government services, including the military, can add enough jobs to bring the total to 60 millions. He advocates preparing our people for a 40 percent rise in our standard of living to consume the production of a fully employed nation.

Such men as Henry Kaiser and Andrew Higgins believe that industry itself can be refashioned with enough imagination to meet any new demands made upon it. They are not afraid to scrap old methods for new, and are prepared to tackle the job of gearing production to providing full employment as they did to total war. They are a new kind of pioneer, and their increasing influence in industrial councils

will mark advance toward a socially functioning national industry.

One chief value of such men is that they are not afraid to cooperate with a Government having social welfare aims. They understand such aims. They are willing to discuss their own work in terms of them. Consequently, they break down the wall of conflict between private industry and government, and make it their business to find out how more effective cooperation can be worked out. They also understand the social function of labor unions, and plan not so much to circumvent them as to include them in the over-all structure of their businesses. Theirs is a new social approach.

Eric Johnston belongs in their company, and is all the more significant as a portent because he was politically opposed to the Roosevelt administration. He has been both honest adviser and severe critic, an advocate of a new social philosophy for business, a trusted consultant of labor leaders, yet an outspoken opponent of methods which he believes to be ineffective or inefficient. In somewhat the same class with him is the new Republican Senator from Oregon, Wayne Morse; and we can put Senator Leverett Saltonstall of Massachusetts in the same category.

This is not an exhaustive list, but it is enough to indicate that the ferment of the past thirty years has worked among naturally conservative groups as well as among the less privileged, and that we can anticipate a greater readiness for change than we have had in the past. Some of our soundest economic thinking is coming from within the business community, and some of the men in public office eager to correct economic ills by law are members of the Republican Party.

The six differences between this country and Britain show that our problem has its own national flavor, but fundamentally it is the same, and the main outlines of Beveridge's thinking are guides to wise planning for ourselves.

CHAPTER XIV

Sixty Million Jobs and Politics

AGAINST HENRY WALLACE—THE POLITICIANS

THE most perilous hazard on the road to full employment without breakdowns along the way is politics—using the word in its crude, popular sense.

Unfortunately, this is also where Henry Wallace is at his weakest. He is not a shrewd, hard-boiled manipulator of men. He is not stimulated by the game of power. He is not always wise in his selection of his advisers, and he is awkward in dealing with opponents. Even those who love him best are fully aware of all this. They love him none the less for it, but any objective appraisal of the possibility of his program succeeding has to take it into account. He is not a clever politician.

This means that he needs at his right hand a strong and reliable man who can supply what he himself lacks. Milo Perkins did this in the Bureau of Economic Warfare. Wallace will need somebody equally strong in the Department of Commerce. Alfred Schindler as Under-Secretary of Commerce and Harold Young as Counsel will have to call on their widest skills to give his program political handling of the most effective sort.

This was clearly indicated in the political conflict over Wallace's appointment. It represented a struggle for power between the Executive and Legislative Branches of the Government that went down to Constitutional levels.

Senator Taft, now the acknowledged leader of the Senate reactionaries, wanted to reject Wallace on the ground that he did not have the confidence of the Senate. This raised the question of whether the head of an executive department is to be an assistant of the President or whether he is to be an

agent of the Legislature. Taft's position carried to its logical conclusion would mean that the Senate and not the President should name the members of the Cabinet. This is plainly a usurpation of powers.

It is true that Senator Taft represented an extreme view highly colored by partisan politics, but this only emphasizes the political dynamite in the Wallace proposals. If Taft was willing to risk an unconstitutional position merely to oppose Wallace's confirmation, we may expect resort to almost any kind of politics to defeat his program. Wallace is going to have to meet the wildest political maneuvering that the Senate conservatives of both parties can plan before he will get his program through.

The House produced just as extreme opposition to Wallace as the Senate. Republicans introduced amendments to the George Bill that would have taken from the President the power to transfer agencies here and there; that is, they were willing to get into the touchy business of modifying the President's war powers in the midst of the war to stop Wallace from gathering too much power. One Republican Congressman became so inspired by political fervor that he attempted to justify tampering with the Presidential powers on the grounds that the President could, and indeed might, appoint Earl Browder head of the Export-Import Bank.

The political hacks opposing Wallace overplayed their hands, however. They went to such extremes that shrewder politicians, equally opposed to Wallace, became frightened at the increasing volume of support rallying to him from the country. The people were saying that Wallace must be just the man the country needed if all the reactionaries in Congress, on both sides of the aisle, hated him with such unanimity. It is no secret that one of the arguments used by the Democratic leaders of the House to whip their members into line was that if House members continued to abuse Wallace as they had been doing, they would build him up into the only man the Party would be able to nominate for

President in 1948. So the House passed the George Bill without amending it.

Senators recalled the story of Andrew Jackson's nomination of Van Buren to be Ambassador to Great Britain. Van Buren was actually on the high seas when the Senate, after bitter denunciation of him refused to confirm the nomination. As the vote was announced, Senator Benton of Missouri, a wise man in his time, turned to the Senator from Louisiana who had voted against Van Buren, and said: "You have defeated an Ambassador, and nominated a President." To which the other replied: "Why didn't you tell me before I voted?"

The wiser politicians told the others before they voted on Wallace, and so he was confirmed as Secretary of Commerce with the help of votes cast in the hope that this would prevent his nomination for President in 1948. The Senators' mail showed them that his loss of the Vice-Presidential nomination at Chicago had all but built him up into a popular hero, and that the danger of his losing the Commerce nomination was finishing the job. If they gave him another wave of publicity by rejecting him, they foresaw the gathering of an irresistible Wallace tide. As politicians, they took the lesser of two evils. They would rather have him tied down to the job of Secretary of Commerce, where they can control him to a certain degree and where he will have to make good, than have him a foot-loose political martyr picking his spots and subjects for rallying his following for 1948.

These background influences have political importance because they mean that Wallace enters the Department of Commerce confronted by the active opposition of the majority of the Congress who are out to make him fail if they can, so that he will have no chance for the presidential nomination in 1948. He serves a President with whom his relations are naturally delicate and who must, therefore, be handled tactfully. Together, these constitute a Scylla and

by the unpleasantness of a public squabble with his own inherited advisers. He has taken the first step in meeting this situation by openly announcing that this committee exists and by naming its members as his appointees, thus making the true relationship of Secretary and committee a matter of public record.

Finally, in this list of Wallace's immediate political problems, we have to place his relationships with the other members of the Cabinet. At present, he can count on Secretaries Morgenthau, Ickes, Wickard and Perkins. He can count on opposition from Postmaster-General Walker. The State Department, for the past twelve years, has not admired him, but we shall have to see whether Secretary Stettinius takes another view. The rest of the Cabinet will line up somewhere between active support and active opposition, but, with the exception of Attorney General Biddle, who will lean toward Wallace's views, will generally look at him askance, particularly Secretaries Stimson and Forrestal, whose weight will naturally count for much in the near future. Their skepticism will increase from their inhospitality toward any talk about postwar planning until victory is actually won.

Outside of official circles, Wallace will face the press, radio and other means of public information. Newspapers and radio are big business in themselves, and supported by the advertising of other businesses. The newspapers will be against Wallace and his plans in at least the same proportion as they were against Roosevelt in the last election, and they may be more so, because a paper like the *New York Times*, which came out for Roosevelt, will oppose Wallace. This means that his press interviews and the reports of his speeches are likely to be interpreted and edited to his disadvantage. News reports on the radio are generally taken from the wires of the press services and so are subject to the same sort of editing as that of the newspapers, and news commentators on the networks are predominantly and naturally conservative, for they are sponsored by business houses

big enough to have national markets, so he will not be supported by the majority of them. What support he will get in the press and the radio will come from independent columnists and commentators like Walter Winchell, Drew Pearson, Ernest K. Lindley, Dorothy Thompson and Thomas L. Stokes; and from small newspapers and radio stations where the voice of small business has a chance to be heard.

FOR HENRY WALLACE—THE PEOPLE

Add all these disadvantages together and they make a formidable opposition. But he has tremendous political assets on his side.

First and strongest of all is the growing conviction of all the people, soldiers and civilians alike, that our country can produce enough to keep everybody at work and to provide security. Along with this goes the firm intention that it shall. Peace, as merely the absence of war, is not enough. There must be jobs for all. The one thing we have to fear is poverty, and we can overcome that fear by effective and just organization of our resources and our powers of production.

Wallace has become the symbol of this idea, and he can call the people to its support any time any branch of the government threatens it. He can appeal from the Congress or the press or any other agency directly to the people, and they will put on mass demonstrations that will leave no doubt that he speaks for them.

This mass support is organized. The labor unions are behind it, and Wallace has the invaluable help of the labor press which, unlike most of the newspapers, is read for its opinion as well as for its news. Labor also brings the backing of the C.I.O. Political Action Committee, which will be galvanized into a new burst of energy if the promise of full employment is threatened by any group in Washington or elsewhere. The rank-and-file workers are alive on this issue

as on no other, and they will force even their most reluctant leaders to take political action if necessary.

Besides labor, there are many organizations of independent voters. The independent voter is the man who now controls elections. Any analysis of the voting of the past four election campaigns will show that the candidate or issue that can rally support of the independent vote—put at ten percent of the total—in the States east of the Mississippi and north of the Mason-Dixon Line, and in the States along the Pacific Coast, will carry the country. We have something highly significant in American politics when a State like Massachusetts goes for a Democratic president, a Republican senator, a Democratic governor and a Republican lieutenant-governor; or when New Jersey elects a Republican senator while voting for a Democratic president; or Ohio a Democratic governor and a Republican senator; or when a State like Michigan goes Republican by 7,000 votes in one presidential election and Democratic in the next by an almost equally small margin. The independent voter holds the balance of power.

These independent voters are now organized in many States, and in national organizations. They are fairly loose organizations that will not be active unless some cause or personality arouses them. They will spring into action behind Wallace and full employment if anybody threatens them. Wallace has unique prestige and popular appeal in these groups which can bring respected and familiar names to the dramatization of his struggle to create a better way of life for all Americans.

He can also rally the returning soldiers and their wives. The one question in the minds of all these people is: "What are we going to do when the war is over?" Wallace is dedicating himself to the task of seeing that there will be something for them to do. There are people among us who maintain that there is no such thing as a right to a job. One answer we can fling back is that every man who has offered

his life for his country and who has withdrawn from the normal ways of employment to fight his country's battles has earned a right to a job when he returns. He knows it and his wife knows it. They will swing into action at the drop of a hat if any political or business group seriously hamper Wallace in his efforts.

This analysis of the political situation resolves itself into this: Wallace is weak in Washington and in the centers of wealth and power, but he is politically strong in the country and among the people.

This defines his political strategy. He should find the ablest political mind he can get to handle the nervous job of political dealings with the Congress, the party and the political machines. But he should supplement this with effective organization of his popular following. The man who can command votes calls the tune to which all politicians dance. Wallace has decisive political power where it is best to have it—in the ranks of the people who believe in him and his program.

Wise and courageous leadership on his part combined with loyal and active local organization will give him the necessary power in politics in spite of the politicians.

HENRY WALLACE AND PRESIDENT TRUMAN

Henry Wallace once went so far as to say that he did not want the job of Secretary of Commerce if the Federal Loan Administrator was one who would follow the policy of too little and too late. There is not a chance for Wallace to succeed in the job he has set himself unless he gets the full cooperation of this loan agency. For this reason I have tried to get a fair picture of John W. Snyder, the new appointee. The first fact about him is that he is a personal friend of President Truman, and can be considered as practically a personal agent of Mr. Truman in this job. The second fact is that he is an able and experienced banker who was formerly associated with Jesse Jones, but who did not

always agree with him. This would indicate that Truman has taken a ground somewhere between Jones and Wallace. He has appointed a man who will cooperate with Wallace more congenially than Jones, but who will not go all the way with Wallace. The only guide we have to an estimate of what position Truman will take is his record as a Senator, and this is encouraging, for he was one of the signers of the measure to guarantee sixty million jobs to the workers of America after the war. My own opinion is that Snyder will support Wallace's program for full employment and that we can count his appointment as one favoring a progressive post-war policy.

The appointment of Robert Nathan as War Mobilizer Vinson's deputy on reconversion is decidedly on the side of progress. Nathan is the brilliant young economist whom President Roosevelt appointed to high responsibility in the War Production Board. In that position he was vigorous in advocating more speed by industry in converting to war production, and he received the enthusiastic support of Truman, then a Senator. More recently, Nathan has published a book, *Mobilizing for Abundance*, in which he takes Wallace's view that total spending is the key to prosperity. Henry Wallace once made a speech in New York in which he recommended this book to his audience. Robert Nathan is definitely a New Dealer, and his selection for the important key post in reconversion is plain evidence that Truman is going to follow the economic policies of Roosevelt. On the whole, these two appointments give us every reason for confidence that Truman is going forward with the social program that aims at full employment and the use of government credits to aid small as well as big business.

It is further noteworthy that he has signed an executive order transferring the Office of Surplus Property to the Department of Commerce, which Wallace heads. This office is likely to be one of the major headaches after the war, when millions of dollars worth of surplus property will be

sold by the government. It will provide one of the largest opportunities for graft and special favors in the post-war period. The transfer of this office to Wallace's department was started by Roosevelt; Truman pushed it through. Nevertheless, we must recognize that he could have stopped it. I think his refusal to do so is a good sign. Nobody, not even Wallace's bitterest enemies, would charge him with dishonesty. Truman has placed the job in the hands of the man that the country at large believes will act honestly. On the other side is the consideration that Wallace will have to administer this activity with all the skill he can command if it is not to be a danger to him. It presents so vast a job, involving so much money, that it offers a first-class chance for him to make a conspicuous failure. He will need the very best man he can get to handle it, and even then he himself will have to watch it with an eagle eye to make sure that it does not result in a major scandal. Truman has extended his power, but he has also put him on the spot—whether intentionally or not, we cannot say. All we can say now is that he has followed Roosevelt's lead in handling this adjustment, and to this extent has continued the vote of confidence that Roosevelt initiated.

On the basis of these appointments, we have every reason to believe that President Truman will support Wallace. The part of wisdom for all the friends of Wallace is to bring their support to Truman now, so that he may have their backing in enabling Wallace to make good on his program of employment and security for the plain people of this country.

CHAPTER XV

Liberty and Security

"HELP ME FIND OUT"

HENRY WALLACE believes that democratic institutions can provide both political liberty and economic security at the same time. He believes that we can assure steady jobs and income to our workers within the framework of our Constitution and our way of life.

He is not much of a flag-waver, so he does not begin every speech or discussion with an apostrophe to the flag and a resume of the careers of George Washington and Abraham Lincoln. He takes for granted the fact that his listeners are loyal citizens of the United States, and that they know he is.

This is unorthodox. Senators, Congressmen, politicians of all kinds, and even newspaper editors are so accustomed to having every one who appeals for public support take a figurative oath of allegiance in every public address that they miss it when it does not come. They walk away from the meeting darkly muttering that the speaker is a bit subversive.

They listen to Henry Wallace, and he talks about actual problems in terms of crops, credit and income. He even takes time out of some of his speeches to tell his audience about a question which has arisen in his mind to which he has not been able to find the answer. I have heard him ask the audience to go home and think about it, and to help him think it through by writing him their conclusions. I saw the puzzled expressions on the faces of the professional politicians with him on the dais. Here was a Vice-President of the United States asking people to share his thinking, rather than telling them what to think. Fancy anybody coming out of Washington to say: "I don't know, and I want you to help me find out." There must be something wrong

about such a man. So some of them think he is a simpleton, while others are convinced that this is part of a dire conspiracy to undermine American life.

He is not oracular. He has none of the fluency that enchants audiences with melodious rearrangements of clichés that neither enlighten nor provoke. He is neither Daniel Webster nor William Jennings Bryan in modern dress. He is a contemporary fellow-citizen of ours who has asked one searching question: "How can we manage the affairs of the United States so as to preserve our liberties, and at the same time regulate our wealth and industry so as to spread their benefits to all our people?"

Some people may object to this by saying that what our country needs right now is not questions but answers. But we can never find the right answers unless we begin by asking the right questions. One proof, perhaps the highest proof, of a genuinely intelligent mind is the ability to ask the probing question, for, once a question is clearly formulated, we can be sure that we are on the way to finding the answer to it. When Galileo observed the shadow of the chandelier moving around the floor of the cathedral, he asked why it moved in a circle. When he found the answer to that question we had a new description of the universe, and a lot of incidental inventions beside.

Asking questions is the way to new insights. Henry Wallace has asked why we have to continue economic insecurity for the masses of our people in a country capable of providing all the necessities and a few luxuries to everybody. He is beginning to find the answer, and he is trying to get all the rest of us working on it to help find the complete answer.

Those who have never faced this question are still bogged down in their preconceived notion that liberty and security are mutually exclusive. They say that we have to choose liberty OR security, but we cannot have both.

Their first triumphant argument is that we never have had both. They point with pride to the fact that we have had

a free country with free enterprise. Free competition has stimulated people of exceptional talents to great success and our production to unparalleled heights. They proclaim "fear of want" as a moral stimulus that makes people work. They admit that some go down in the struggle, but they dismiss these as the weaklings, and declare that it is better to have a margin of human waste in our economic system than to sacrifice our liberty. What they mean by "sacrificing our liberty" is government prevention of ruthless competition and the unfair manipulation of markets and money by monopolies. They interpret the American way of life to mean no government in business but all the business possible in government. They want nobody interfering with their right to make other people's lives insecure, for they look upon the right to insecurity as part of the heritage of free Americans. We never have had security, runs their argument, therefore security is un-American, and when the government steps in to guarantee security it automatically restricts liberty.

Press them on this, and they will point to fascism and nazism, or to communism. Nazi-fascism, they will say, grew out of the demands of the people for security, and look what happened to their liberties. This argument is that because Mussolini and Hitler did not find the answer to maintaining liberty with security, we cannot. Apart from the fact that neither of these two blackguards wanted to find any such answer, this position is something less than a tribute to our national ingenuity. We certainly do not need to confess yet that this country cannot turn up better brains than those of the psychopathic leaders of Italy and Germany. But even if these men had been geniuses their experience would not limit ours, for the conditions confronting them were substantially different from those with which we are faced—domestically psychologically, materially and internationally. Nazi-fascism is a measure of what we do not want, but it is no standard for what we can do with our own.

Our objectors to security, however, are far more likely to

point with horror to communism. In fact, both Senator Taft and *The New York Herald Tribune* have come out flat-footedly with the assertion that Henry Wallace got his ideas of full employment from the Soviet Constitution. Their position seems to be that communism can assure full employment, but we must give up all hope that democracy can, and that communism is so patently not for us that we can afford to continue insecurity rather than take any single step in the communist direction. Henry Wallace did not get his conception of full employment from anywhere but the United States, the difference between him and these critics being that he is not willing to concede that communism can do for its people more than we can do under our system for ours.

He believes that private industry, agriculture, labor and government working together under a Constitution assuring liberty can organize our resources and wealth in such a way as to provide permanent employment for sixty million workers.

There is no reason on earth why communism should be a threat to us. Democracy by its nature is more dynamic and resilient than any kind of authoritarianism can ever be. The fact remains that communism is a challenge to us. Nazi-fascism has ceased to be a challenge because it has made the fatal error of failing. Some of its tenets, like anti-semitism, will continue to form the core of nasty cults among undesirable people, but nobody again will be able to persuade the masses of mankind that Mussolini was a demigod because he made the trains run on time, or that Hitler was a genius because he despised modern art. The fact with which we have to come to terms, however, we may shrink from it ideologically is that Stalinism, the third stage of the evolution of communism after Marxism and Leninism, is succeeding in remaking the Russian people and in projecting the Soviet Union into world politics as one of the three or four great powers.

When we face communism for what it is, we do not have

to fear its competition as a way of life. The Russian system has done a lot of beneficial things for the Russians, and that is its justification in their lives. They wanted Russian earth to be their earth, and not to belong to a few families who could throw them off when they felt like it. They wanted dignity and cars and conveniences. They have been enthralled by tractors and dams and shining machinery. We have all these. We also have political freedom which they do not have. But they have equality among all races and permanent employment for all workers which we do not have. We may shrink from learning from another country and another social system, but we must prove that we can have within our institutions what they have and we do not.

Henry Wallace is setting out to show us how we can have them. If he succeeds, he will do just the opposite from making us communist: he will prove that democracy can give all that communism can, and, in addition, liberty also. This is the best kind of propaganda for our way of life, and if ever the Russians decide to change theirs, it will attract them.

Once again, as in the cases of Italy and Germany, we have to remind ourselves that we are in a different condition from that of Russia. That Russia found one way to economic security, sacrificing certain values that we cherish, is no proof that we cannot find a way to it while preserving those values. The case of Russia is an analogy and not an argument. An analogy may point in the direction of an argument, and this one does. It points to the necessity of solving our problem of employment.

The clinching argument for that necessity, however, does not come from outside our country, but from within. A Republican Congresswoman, not a wild-eyed radical, said on her return from visiting the European fighting fronts that the men who return from the war will insist on having jobs, and that if we force them to choose between security and liberty, they will take security.

They will be joined in the demand for full employment

by the workers. There are some financiers and industrialists who are evidently hoping that they will be able to drive a wedge between the veterans and the workers. They have used their influence in the press and other means of communication to create anti-union sentiment among the fighting forces by exaggerating strikes and nurturing the idea that any shortages of supplies on any battle-fronts have been due to laxity among the workers on the home front. I have no doubt that they are under the impression that they have succeeded in large measure. But their propaganda will not stand up in the face of economic facts.

Workers and soldiers have the same direct interest in full employment. If the masters of finance and industry stand in the way of achieving it, they will drive veterans and labor together into a united combination to force the creation of jobs.

There is nothing phoney or foreign about the proposal of work for everybody who wants to work. It grows right out of our American life and the needs and fears of our American people.

Can we achieve it without sacrificing our freedom? Do we have to sacrifice our basic liberties to achieve "freedom from want" and "freedom from fear?"

ARE WE AFRAID OF OURSELVES?

The bogey here is the power of the government. Those who believe that freedom is threatened by security say: "We cannot have it unless the government increases its power over our lives. It will have to take authority for regulating all presently existing business. It will have to control the starting of new businesses through its use of credits. It will apportion markets and labor. It will regulate farming. It will rule on wages and hours. Everybody will have to report in the minutest detail concerning his business and his income and expenditures, private and public. Every dollar and every man and woman will have to be regulated." These accessions

of power, so runs this statement of the case, mean that the government itself will become a huge leviathan swallowing up every last vestige of individual independence.

In addition to this, so this plea goes on, the government will have to have an army of government employees to carry out this regulation. These employees will be dependent upon the administration in power for their jobs. This means that they will become a vast political machine which can be swung into action at every election to assure the continuance of the existing administration in power. By such means, a given president will be able to perpetuate himself in office indefinitely, and our institutions will lose their democratic character.

Thus goes the objection. Security means government control. Government control means loss of individual liberty and the end of democratic institutions.

We meet this objection by pointing out that the government, even with this increase in power, is still in the hands of the people. These people are the American people, and this is an important consideration, for the American people are experienced in the ways of democracy. We are not politically immature like the Germans or recently released from autocracy like the Russians. We are a part of a process of free government that has brought this country from the simple agricultural economy and comparatively weak federal administration of thirteen original states populated by twelve million people to the complex industrial society and strong central government of our present 48 states and 135,000,000 people.

We have had plenty of crises when fundamental changes in our political and financial structures brought out many prophecies that the end was at hand. We have passed through a Civil War that almost split us in two. Basically, we have come through the hundred and sixty-five years of our existence with fewer changes in our fundamental structure than those of any other country in the world in these same years.

We have accomplished this because we have been flexible enough so that our popular vote has been able to make changes in our laws and administration to match the social changes which have come along.

I can remember when the income tax was being debated. It was denounced as undiluted socialism and the end of freedom in our land. Senators sitting in the same seats as those now occupied by the opponents of Henry Wallace said almost exactly the same words in reviling it. If the Senate walls have ears, it is too bad they have no mouths, for they could save a lot of senatorial breath by reciting the old routines they have heard over and over again every time a new proposal has been brought up.

We have lived through the prophesied catastrophies of the past, and we have learned the knack of democracy in the process. This is part of our equipment to deal with the present. We may have to have a more powerful government than we have ever had, but we know how to control it.

As for an administration being able to perpetuate itself in power, I call attention to the last election. Franklin Roosevelt had been in power twelve years. By general consent, he was the most accomplished politician we have ever had. He was in full control of his party machinery. He had millions of people on the federal payroll. In addition to this, he was President in the midst of the greatest foreign war we have ever fought, which would have been an overwhelming advantage in an ordinary election. Yet he won by only three and a half million votes. This was a close enough margin to spike the idea that great federal power in the hands of a President is enough to assure his continuance in office.

There is also another side to this. When we speak of the government, we are not speaking of the President only. Power in our government is distributed through the legislative and judicial branches of the federal government as

well as through the executive, and throughout the 48 states besides.

The Congress controls the purse-strings, and so can set the terms on which any agency or group of agencies shall function. It has the power to investigate all departments, and so can check any untoward exercise of power. We get a false impression of what our peace-time government agencies would be like if we think of them in terms of our present set-up, for what we have now exists largely by virtue of the extraordinary powers vested in the president during time of war. When peace comes, Congress will undoubtedly insist that larger control of all government agencies shall be directly in its hands.

One does not have to be a close student of our history to know that Congress often takes a line opposing the president. The distribution of powers between them, and the continuous check on the power of the president exercised by Congress will play a large part in preventing ultimate control of our government structure from getting away from the people.

There have been unedifying sides to the argument over the powers to be vested in Henry Wallace as Secretary of Commerce, but it has been an instructive illustration of the way in which the Congress can define and limit the responsibilities of a member of the administration, and so supplies an assurance that even if we have to build up bureaus to ensure employment, control of them will not be confined to any one branch of the government. These checks and balances are annoying sometimes, but they prevent the concentration of authority in any one person or group. They were put into our constitution to do this, and they still operate to make the voters the final masters of our institutions.

This is no place for a longer discussion of our constitutional guarantees. They include the power of the courts to pass upon legislative and administrative acts, the establishment of regular elections, the authority of state governments

in affairs of local importance, and the Bill of Rights. The only point I wish to make is that this complex and well-defined government of ours provides all the safeguards we need to prevent measures giving us security from taking away our liberty.

Henry Wallace is proposing a plan for security organized, authorized and administered within the framework of our present Government. He is not forcing us to choose security OR liberty. He is offering a program for security AND liberty.

CHAPTER XVI

Two Worlds

WHICH COMES FIRST, MEN OR DOLLARS?

WE are all agreed that this planet has become the One World that Wendell Willkie wrote about. Two world wars in a generation have demonstrated that nowhere is isolated from anywhere else. A shot fired at the Peiping Bridge twelve years ago has rattled our own windows and taken our sons from our firesides. Geographical distance has been overcome and the whole world turned into one province. Our Army bombers fly to China and India in less than three days. This we know, and we are planning future international organization with it clearly in our minds.

Within our One World, however, tremendous social forces are at work—some of them partly responsible for the war, some of them accelerated by the war, some of them created by the war. They are forcing every people on earth to re-examine the structure of their societies. All social, economic and political thinking is fluid. We, in the United States, are feeling the force of social change, and it is dividing us into sharply divided schools of thought about our future. These schools differ so markedly in their premises that one speaks for one kind of world and the other for another. In the United States, we have Two Worlds pitted against each other.

Both believe in free institutions, in two or more political parties, in a free ballot and in private enterprise. But they differ about the ends for which these shall be used. The difference simmers down to one question—which comes first, men or dollars?

I did not state this choice. Henry Wallace did not state it. Abraham Lincoln did. Shortly before he became President, he said that he was for both the man and the dollar,

but in case of conflict he was for the man before the dollar. He believed that the rights of man were more precious than the rights of property. The issue took one form in his time—the struggle over slavery. It takes another in our time. But it is the ever-recurrent question with which a free society has to deal, particularly as it passes from one stage of development to another. We cannot dodge it. We line up on one side or the other. And this line-up is the active political division in our country today.

Our choice is between democracy for everybody and special opportunities and privileges for the few. We have abundant resources. Are they to be concentrated in the ownership of a few people who can exploit them and use them for their own ends regardless of others, or are they to be managed so that they will supply social safeguards and economic opportunities for all our people?

Is our wealth primarily private privilege at the disposal of individual whims, or is it an instrument for social betterment, beginning with the assurance of economic security for everybody? Does government exist primarily to protect property or to serve the general welfare. How far can the government go under the general welfare clause of the Constitution in regulating private business for social ends? Differences over answering these questions precipitated the decisive Constitutional crisis of the Roosevelt Administration.

These questions have been debated throughout our history from the days of "The Federalist" until now, and they are questions which have been in the background of scores of Supreme Court decisions making national law. The famous dissents of Justices Holmes and Brandeis in the twenties and thirties stemmed from differences with their brethren of the court on these issues. The new tone of the present Supreme Court records the fact that the majority of the present justices give the general welfare clause a wider interpretation than their predecessors did.

Governmental principles and constitutional considerations, however, find their practical exemplification and application in specific measures. When the Supreme Court declared the first AAA and NRA unconstitutional, it followed a legal line of argument that fully buttressed its opinion, but influential sections of public opinion were unconvinced that it had served the broader principles of justice. One fact was clear: the social policies of the Roosevelt Administration were in conflict with the conservative political philosophy dominant in the Supreme Court. The President decided that this clash of philosophies should be exposed to public debate so that the people might choose which of the two should prevail.

The method he followed has been severely criticized, but he made his point. He pulled into sharp focus the underlying conflict between a philosophy of government based on protecting property and his philosophy of government, based on the general welfare. The result has been confirmation of his position. When Justice McReynolds shouted from the Bench: "The Constitution is being torn up!" what he meant was that the conservative approach to it which had prevailed for a generation and in which he was rooted was giving way before a social approach which gave broader latitude to government powers under the general welfare clause. It was not the Constitution that was dying, but an epoch.

The struggle between Roosevelt and the old Supreme Court (and we must remember that the court which reversed itself was the old court before Roosevelt had appointed any new Justices) was the Constitutional battle between the two basic differences of view that split present opinion in this country. The liberal view prevailed in the court.

The larger struggle still persists, however, in the legislative and administrative branches of the Government. It cuts through political parties and executive departments.

For historical and other reasons, our party alignments do not follow the realities of our deepest political differences. The Democratic Party has been responsible for much of the social legislation on our statute books, but this reflects the powerful leadership of Woodrow Wilson and Franklin Roosevelt rather than a coherent party line. Some of the most violent social reactionaries in the Congress wear the Democratic label, being what *The New Republic* once described as "Republicans in Confederate uniforms." The Republican Party is generally the party of big business and conservatism, but some of the most liberal members of the Congress are on the Republican side. We should all be more comfortable with a new alignment of liberals against conservatives in clear-cut parties, but there is no immediate prospect of this because the strength of the rank-and-file organization of our parties lies in State and local committees dealing with local issues which do not reflect divisions on national policies.

LIBERALS AND CONSERVATIVES

What do we mean by liberal and conservative? We can make the distinction in various ways.

In society as in nature there are two determining forces always at work—inertia and movement, or, if we prefer, immobility and change. There are certain people who are deeply conscious of the values inherent in things as they are, and others who are equally deeply conscious of the injustices and incompatibilities inherent in things as they are. The first group resist change. The second welcome it. The first are temperamental conservatives who would "rather bear those ills we have than fly to others that we know not of." The second are congenital liberals, always stimulated by the prospect that they may "take arms against a sea of troubles, and, by opposing, end them."

This variation in temperaments is reinforced by variation in economic and social interests. There are people who

will retain privilege and comfort if things are not changed. There are others who will derive economic and social benefit from change. The first naturally gravitate toward conservatism, and the second toward liberalism.

In general, the conservative looks to the past, he remembers when a man could do business without interference, without the irritations of collective bargaining, and without a pile of government forms on his left hand and a huge income tax on his right. He has a nostalgia for those good old days, and resents to the degree of hatred all men and parties who have had any part in taking those old days away. A dollar was a dollar in those old times. You earned it by work or collected it on investments, and it was yours. You did not have to have a theory about it, and people admired you for having it instead of suspecting you as they now seem to do. You knew where you stood in the community. You hired a worker when you needed him, and you fired him when work was slow. You were master in your own business house, and you did not have to worry about official Peeping Toms poking their noses into your books on any provocation or none.

Extreme conservatives—reactionaries—would like to do away with all the social legislation of the past twelve years, and return unchecked to the business practices of the pre-Roosevelt era. The spokesman for these people is Herbert Hoover, who set forth this point of view at the Republican Convention in 1944.

More moderate conservatives have now accepted the principles of social legislation, but want to keep them in check. Their idea is to make such concessions to changing needs and opinions as they have to, but to make no more. They do not phrase it quite this way. Their way of putting it is to say that social legislation should be efficiently administered, that is, administered by them. This was the line originally taken by the British conservatives thirty years ago. They eventually took over the Government and their first moves

were to reduce social benefits, leaving them just high enough to prevent actual outbursts of public resentment. Britain's later extremity has changed this, but our conservatives now stand where British conservatives stood twenty years ago. They will accept the changes already made, but they will hold the line against any more. This is the position of such a man as Governor Dewey, who is in the center of the conservative camp.

As the conservative looks to the past, the liberal looks to the future. He believes that we now have a system that works unnecessary hardship and injustice on certain sections of our population, and that, by taking thought, we can have economic abundance so organized as to provide security for everybody without any loss of liberty. He has faith in human reason. He has faith in people. He has faith in controlled change. He is fully aware of the accomplishments of civilization, but he appraises them as stimuli to new efforts, not as excuses for inaction. He says: "If we have done as well as this, there is no reason why we cannot do better."

Extreme advocates of change—radicals—would like to scrap the past altogether, and begin with an entirely new order. They say the roots of the past have been wrong, and so they would uproot all our institutions and create new ones. Earl Browder comes near to being the outstanding spokesman for this point of view. He speaks for change carried to the point of revolution.

Liberals are not revolutionaries. They foresee the institutions of tomorrow evolving out of the institutions of today. They are not willing to propose the social waste of wrecking all we have so as to get a new start. They prefer to salvage what is good, and to build around the core of this good, the humane society which they envisage. They want to correct the limited values of our present society by replacing them with universal values. They work for a

society designed to serve the welfare of all its citizens. Henry Wallace is a spokesman and leader of this group.

I have been careful not to define the two worlds struggling for the future of our country in terms of Communism and Fascism. My reason is that these words have become so lacking in precision in current political debate that they are practically worthless. As commonly used they no longer define anybody. A Communist is one who believes that private property must be destroyed and all the instruments of production be socially owned, and so he advocates revolution by force to destroy our present institutions of property, law, religion and politics, and to replace them with the dictatorship of the proletariat organized into a monolithic State under the control of one party. It is misrepresentation and intellectual dishonesty to identify Henry Wallace and American liberals with any such program. A Fascist is one who believes in the divinely ordained right of certain individuals, classes or races to rule over others, and so advocates concentration of political and economic power in the hands of a dictator who shall rule with absolute authority over the State which alone gives meaning and value to the people who are subject to it. It is misrepresentation and intellectual dishonesty to call Herbert Hoover or American reactionaries Fascists. There are American Communists like Browder and American Fascists like Lawrence Dennis, but we shall think straighter about our political issues if we restrict these descriptions to those whom they fit, and refrain from hurling them at anybody with whom we disagree.

American conservatism and American liberalism are both native to these shores. They both represent traditions rooted in our history. Their conflict has been going on ever since Jefferson sat across from Hamilton in George Washington's Cabinet. They are now locked in one of their recurring decisive struggles. Neither has any intention of overthrowing the Constitution or any of our basic institutions

of private enterprise, law, religion, or politics. The difference between them is that the conservative considers that the first duty of these institutions is to preserve the rights of property while the liberal considers that the first duty of these institutions is to conserve the rights of human beings.

Which comes first, property values or human values? That is the issue. If we put property first, we get one kind of world. If we put human beings first, we get another. These are the Two Worlds that are struggling for the mastery of tomorrow.

Henry Wallace has made himself the advocate of the world of human values. He is the uncommon man become spokesman for the common man. The story of his political battles is an enlightening comment on the nature and meaning of the profoundest social developments of our time.

The immediate issue on which the liberal view is to be tested is the ability of our economic system to provide sixty million jobs steadily to the workers of the United States. Full employment has always been an American ideal, but it has been approximated spasmodically only. We are now contemplating an effort to make it permanent.

Full employment is the issue. Henry Wallace is the man in the key position. American liberalism has to prove its mettle in the next few years in its support of Henry Wallace and sixty million jobs.

Henry Wallace Believes..

When a country fills up and all the land and easy money are taken, the people of that country face problems that they have never met before. In attacking these problems Americans will shift in some measure from their ancient competitive, individualistic standards. Sooner or later, the question, "What is there in it for me?" will have to be translated into, "What is there in it for all of us?" (*The Cotton Plow-Up*)



The world is a neighborhood. We have learned that starvation in China affects our own security—that the jobless in India are related to the unemployed here. The Post War Problems Committee of the National Association of Manufacturers (business men all) has wisely declared that increased production in other country will not reduce living standards in the United States. Those twisters of fact who shriek that your Vice-president is a wild-eyed dreamer trying to set up TVA's on the Danube and deliver a bottle of milk to every Hottentot every morning should read that report. No business prospers without prosperous customers. That is plain common sense. (*America Tomorrow*)



Of course today most people thoughtlessly look on such vigorous prophets as Elijah, Amos, Micah and Jeremiah as respectable old grandfathers with long white beards. As a matter of fact, they were as vivid as Senator Norris and at the time they made their pronouncements were as unpopular as the Senator in the Coolidge Administration.

(*Prophets and Reformers*)



We are learning to put off the hard-boiled language of the past, but we have not yet learned to speak the co-operative language of the future.

(*The Engineering-Scientific Approach*)

Henry Wallace Believes...

One of the most amusing things about the TVA is the way in which the lower electric rates forced by the TVA on the private utility companies increased the prosperity of these same companies. The TVA points the way toward the Kingdom of Abundance, even for those who entered the Kingdom unwillingly. (TVA)



I am well aware of the sins of bureaucracy, its occasional pettiness and red tape. The bureaucracy of any country cannot be much better than the human beings of that country. But I am convinced that governmental bureaucracy, from the standpoint of honesty, efficiency, and fairness compares very favorably with corporation bureaucracy. There is less nepotism, less of arbitrary and unfair action, and a more continuous consideration of the general welfare. This is not because human beings in government bureaus are so much finer as individuals than human beings in corporation bureaucracies, but because continuous public scrutiny requires a higher standard. (*The American Choice*)



We are in for a profound revolution, partly as a result of the aftermath of two great wars and partly as a result of 150 years of modern technology and democratic thinking about the rights and duties of man. Those of us who realize the inevitability of revolution are anxious that it be gradual and bloodless instead of sudden and bloody. We believe it can be gradual and bloodless if the makers of public opinion, if the politicians, if the pressure-group leaders will only influence their millions of followers on behalf of the public good instead of regional and class prejudices.

(*America Can Get It*)



Philadelphia Record by Jerry Doyle

'Hello, Ma, It Was a Tough Fight, but I Won!'



The Chicago Sun by Werner

'There's Some Mistake—I DIDN'T Order Any Milk!'



Chicago Times by Jacob Burck

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